



DELIVERING RESULTS

ANNUAL REPORT 2014

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Message from the Board Chair and President & CEO

Over the past several years, AIAC has led an effort to bring industry, government and stakeholders together to strengthen the Canadian aerospace industry's long-term competitiveness and contribution to our country's prosperity and place in the world. This has required vision, collaboration, and a great deal of very hard work by all parties involved.

In 2014, we saw this leadership deliver tremendous results, and we are proud to say that your investment in AIAC is paying dividends.

Over the course of the year, we focused our efforts on the continued implementation of two reports to government that will have enormous impact on the future success of the aerospace and space industries in Canada. The Emerson and Jenkins Reports, as they have become known, set out a road map for industry and government that, when implemented, will lay the foundation for the industry's long-term competitiveness here at home and around the world.

The government has embraced both of these reports and has implemented key recommendations, including:

- The creation of a large-scale Technology Demonstration Program funded at \$110 million over five years;

- The creation of a national collaborative research network, the Consortium for Aerospace Research and Innovation in Canada (CARIC), funded at \$30 million over five years;
- The recapitalization of SADI at close to \$1 billion and the modification of its Terms and Conditions to make the program more accessible to small businesses;
- The release of the Defence Procurement Strategy, which commits to using Key Industrial Capabilities as a central component of the military procurement process;
- The release of a new Space Policy Framework and the creation of a Space Advisory Board;
- The inclusion of aerospace as a priority area within the government's Science, Technology and Innovation Strategy;
- The inclusion of aerospace as a key sector in its Global Markets Action Plan, which will guide diplomatic and trade policy in the coming years; and
- The inclusion of upskilling in the Canada Jobs Grant.

It is difficult to imagine how we might have been more successful. Thanks to our efforts, the government appreciates the strategic value Canada's aerospace industry provides to our workers and economy, and has demonstrated its commitment to supporting our industry's continued competitiveness in years to come. There is still a great deal of work to be done as we continue towards implementing the remaining recommendations; however, we are confident that with a continued commitment to collaborative action on the part of industry, government and stakeholders, the best is yet to come.

Although implementing the Emerson and Jenkins Reports has been AIAC's main priority this year, we have also undertaken many other significant activities and initiatives in support of our mandate to provide value to our members and help them increase their competitiveness. These include international business development, missions and trade shows; ongoing communications and outreach to members and on behalf of the industry; committee work and policy development; and events management, including the tremendously successful 2014 Canadian Aerospace Summit in November. This report highlights those achievements and the ways in which they are laying the groundwork for new initiatives in the months and years ahead.

One of these initiatives deserves particular recognition, and that is the enhanced focus on the growth of small business within Canada's aerospace industry. Over the coming years, AIAC will be focused on creating a new vision for our industry that strategically addresses the acceleration of growth and capacity within small- and medium-sized (SME) aerospace companies. We have already made a good start thanks to the involvement of our small business committee, the creation of new events such as the Small Business Forum, and the election in November of John Maris, our first Vice-Chair of the Board of Directors to come from a small business. We commend our Board and members, who represent companies of all sizes, for their wholehearted endorsement of this important vision.

All of the achievements highlighted in this Annual Report could only have been possible thanks to the commitment and involvement of our members and partners. More than 200 individuals volunteer their time on AIAC's committees, which help to guide our policy direction and engagement on the Emerson and Jenkins Reports. Their dedication and expertise has been instrumental to our success, and we welcome new committee members if your organization is not yet represented. In addition, we are also proud to recognize the organizations

who work with us as strategic partners and, in the case of the Canadian Aerospace Summit, as sponsors. The contribution of these partners is essential and appreciated by the industry.

AIAC's mandate is to be the voice of Canada's aerospace industry, leading and facilitating policy and business development in such a way that the competitiveness of the industry is enhanced at home and abroad. In 2014, that leadership delivered dramatic results for Canadian aerospace, creating new opportunities and avenues that will support the industry's continued growth in years to come. We are very proud of our achievements this year, and very thankful to our members and partners for their support and collaboration. As we look ahead to 2015 and beyond, we will continue to build on those results with confidence.



A stylized, handwritten signature in black ink, appearing to read 'Barry Kohler'.

Barry Kohler
Chair, 2013-2014
AIAC Board of Directors

President
Bell Helicopter Textron Canada



A stylized, handwritten signature in black ink, appearing to read 'Jim Quick'.

Jim Quick
President & CEO
AIAC



BOOSTING COMPETITIVENESS

Implementing the Emerson & Jenkins Reports



In late 2012 and early 2013, the Emerson Report on Aerospace and Space, and the Jenkins Report on Leveraging Defence Procurement, were released. These documents contained a combined total of 33 recommendations to the government regarding ways in which federal programs and policies could be better used to promote the long-term competitiveness of the Canadian aerospace, space and defence industries.

Since the release of the Emerson and Jenkins Reports, one of AIAC's top priorities has been working with the government to secure the implementation of all 33 recommendations. As of December 2014, the government has implemented or is in the progress of implementing a significant number of the recommendations. Although there is still work to be done, we are very pleased with the commitment that the government has demonstrated to our industry and Canadian competitiveness at home and abroad.

EMERSON REPORT

Beyond the Horizon: Canada's Interests and Future in Aerospace **Reaching Higher:** Canada's Interests and Future in Space

DONE/ONGOING ✓

Create a large-scale technology demonstration program

Recapitalize SADI funding at current levels; modify SADI's terms and conditions to better stimulate R&D

Co-fund the creation of a new Canada-wide collaborative aerospace research and technology network

Use senior-level economic diplomacy to encourage foreign governments and companies to give favourable consideration to Canadian aerospace products

Develop mechanisms to support the efforts of aerospace companies to keep their workforces technologically adept and adaptable through continual up-skilling

Create a Deputy Minister-level Space Program Management Board to coordinate federal space activities and the implementation of priorities set out by Cabinet

Support and negotiate multilateral agreements that will promote the competitiveness of the Canadian industry with emerging aerospace and space players

Negotiate bilateral agreements with countries where potential market and partnership opportunities are likely to benefit Canada and the Canadian aerospace and space sectors

Incorporate a weighted and rated industrial and technological benefits plan into all procurement bids and evaluations

Require aerospace-related procurement bid winners to partner with a Canadian firm for in-service support

Where costs are modest and there is no risk to public safety, support the government in creating conditions conducive to the expansion of space-related commercial activity

Release and implement a Space Policy Framework that outlines short, medium and long-term priorities for the Canadian space program

Establish a Canadian Space Advisory Council, reporting to the Minister of Industry, with membership from industry, the research and academic communities, provinces and territories, and federal departments and agencies

Review export and domestic control regimes to remove unnecessary restrictions and promote greater efficiency

Include aerospace and space as a strategic sector in the Science & Technology Strategy

(continued on next page)

UNDERWAY ✓

Establish a list of priority technologies to guide aerospace-related policies and programs

Simplify application and reporting procedures for aerospace-related programs

Implement a full cost-recovery model for aircraft safety certification

Co-fund initiatives aimed at strengthening the Canadian aerospace supply chain

Finalize the scope of space projects, project timelines and performance requirements as early as possible in the project definition phase

Ensure competitive space assets and services procurement processes, assessing proposals on the basis of their price, responsiveness to scoped requirements, and industrial and technological value for the Canadian space sector

NOT STARTED ⊖

Raise total funding for the Canadian Space Agency's technology development programs by \$10 million per year for three years, then maintain funding at that level

Use federal programs to assist the success and training of future aerospace and space employees by promoting STEM studies, opportunities for hands-on learning and experience in college and university, bridging of new graduates into the workforce, and bringing in foreign workers as demand requires

Co-fund – with industry, provinces, and academic and research institutions – the purchase and maintenance of up-to-date infrastructure required for aerospace training and research purposes

Address future space program funding by stabilizing CSA's core funding for 10 years, funding major space projects and initiatives from multiple sources, and pursuing increased shared costs and rewards via international cooperation



JENKINS REPORT

Canada First: Leveraging Defence Procurement Through Key Industrial Capabilities

DONE/ONGOING ✓

Implement a KICs-centred set of initiatives that leverages Canadian capabilities and captures greater benefits for Canada's industry and economy

Base selection of the KICs on the needs of the Canadian Forces, success in penetrating global markets, and potential for innovative products

Establish interim KICs to inform imminent procurement decisions

Create a Defence Analytics Institute to inform government data gathering and analysis related to procurement

Modify defence and procurement policies and programs regarding bid value specification, incentivizing Canadian industrial innovation, Single Point of Accountability and ISS contracts

Reduce reliance on IRBs by introducing a portfolio of more balanced procurement options over time: domestic production, adaptation of existing products, international partnerships and foreign purchase

Develop and implement measures to ensure the good governance of KICs-centred procurement



“As a new aerospace engineering company, we cannot afford *not to be a member of AIAC*. With its focus on strengthening this industry, AIAC provides many occasions for us to meet with existing or potential clients and develop long-lasting relationships. With opportunities to get involved in various industry committees such as Small Business or Technology & Innovation, we have been able to stay at the forefront of nationwide developments, including having a voice in the development and implementation of the Emerson Report – something that has translated into direct benefits for our sector. The close discussions, learning and collaborative team work during our working group meetings is invaluable in building partnerships and potential business development.”

Roman Ronge

President

Aflare Systems Inc.



VALUE FOR MEMBERS

Pursuing our Mandate, Delivering Results

Although much of AIAC's focus in 2014 was on implementing the Emerson and Jenkins reports, we have also delivered on other projects and activities that make up the core of our services to members, and help us achieve our mandate of supporting the industry's interests and business development efforts in Canada and around the world.

AEROSPACE AND SPACE CAUCUSES

The federal parliamentary Aerospace Caucus was launched in 2012 and works closely with AIAC to promote awareness of key aerospace issues on Parliament Hill. Under the leadership of Caucus Chair MP Joe Daniel and Vice-Chairs MP Jay Aspin and MP Hélène LeBlanc, the caucus undertook several key activities in 2014 that will help individual Members of Parliament represent aerospace companies in their ridings and become more



Members of Parliament gather on Parliament Hill for a meeting with Charlie Bolden, Administrator of NASA

engaged in the aerospace file at the federal level. These activities included Aerospace Caucus tours of aerospace companies in Montreal, Toronto, and

Winnipeg, as well as lunch-and-learn presentations by AIAC and its members on topics such as space and the Emerson Report. In addition, the Aerospace Caucus worked closely with AIAC to raise awareness on Parliament Hill of the Emerson and Jenkins Reports and their implementation process.

November 2014 also saw the launch of the federal parliamentary Space Caucus, which is focused specifically on collaborative action by Members of Parliament in support of the space industry in Canada. Chaired by MP Jay Aspin, the caucus is currently recruiting members and developing activities for 2015.

INTERNATIONAL BUSINESS DEVELOPMENT INTERNATIONAL SHOWS AND MISSIONS

As part of its mandate to help our members increase their competitiveness domestically and internationally, AIAC participates in and coordinates the Canadian industry presence at a number of key international air shows and trade missions each year. In 2014, these included:

- Trade Mission to Japan (January 2014)
- Singapore Air Show (February 2014)
- Pacific Northwest Aerospace Alliance (PNAA) Aerospace Conference (February 2014)
- Space Mission to Brazil (March 2014)
- National Space Symposium (May 2014)
- ILA Berlin Air Show (May 2014)
- Farnborough International Air Show (July 2014)
- International Astronautical Congress (September-October 2014)
- Mexico Aerospace Summit (October 2014)
- Trade Mission to Korea (December 2014)

CANADIAN TRADE COMMISSIONER SERVICE

Over the years, AIAC has developed a strong relationship with the Canadian Trade Commissioner Service (TCS), both at its headquarters at the Department of Foreign Affairs, Trade and Development (DFATD) and with the many Trade Commissioners who represent Canada around the world. In 2014, AIAC was proud to welcome Simon Gittens, a Trade Commissioner who is now embedded at AIAC's Ottawa office in an initiative designed to provide greater access for industry members to the services provided by the TCS.

The TCS continues to be a vital component of all of AIAC's business development efforts, helping us to coordinate trade missions, facilitate business

connections, and promote Canadian aerospace events, such as the Canadian Aerospace Summit, to an international audience.

GLOBAL MARKETS ACTION PLAN

AIAC was also very pleased to see positive developments resulting from the inclusion of aerospace as a priority sector in the government's new Global Markets Action Plan, which was released in November 2013. As David Emerson noted in his report, economic diplomacy, through the efforts of Trade Commissioners as well as other Canadian diplomats, foreign dignitaries and our political leaders, is an important component to promoting awareness of Canadian aerospace capabilities to suppliers and customers around the world. The inclusion of aerospace as a priority sector for the government's trade and diplomatic efforts is an important step that will help enhance our industry's competitiveness and ability to develop new business relationships in the global marketplace.

REGULATORY AFFAIRS

AIAC has been active in a number of areas regarding regulatory development and certification process development. Implementation of Emerson's recommendation on certification cost recovery has been a high priority, and AIAC has been working closely with Transport Canada to

develop the mechanisms and structures required to implement this recommendation effectively.

In October 2013, a Certification Improvement Team (CIT) made up of the airworthiness authorities of Brazil, Europe, the USA and Canada met in Ottawa and was hosted by Transport Canada. As part of these meetings, AIAC coordinated and hosted an industry pre-meeting and day-long session. The CIT is now a continuing activity, and AIAC remains actively engaged.

The relationships between AIAC member companies and Transport Canada are very important. However, the most frequent contact is during certification programs, which are characterized by critical deadlines and sometimes do not go according to plan. As a result there is little opportunity to build the relationships that are under program pressure. It is for this reason that AIAC has strongly supported the re-introduction of Delegates Conferences by Transport Canada. We have encouraged Transport Canada to hold bi-annual conferences as they have in the past, and are very pleased that a conference is planned for 2016. AIAC will coordinate the efforts of members in organizing and participating in this event.

DELIVERING RESULTS

Controlled Goods

At our Canadian Aerospace Summit in October 2013, Hon. Diane Finley, Minister of Public Works and Government Services, announced an initiative to reduce the size and scope of the list of items subject to domestic controls under the Controlled Goods Program. Because they are in an export-driven industry, lean and efficient regulatory controls are essential to our companies' ability to reduce cost and administrative burden, and increase their competitive position globally.

After close consultation with AIAC, our members and other industry stakeholders, the revised Controlled Goods Schedule took effect in June 2014. The entire consultation and implementation process finished an entire year ahead of schedule, taking only eight months from beginning to end. This is a remarkably short timeframe to accomplish regulatory changes, and it constitutes a tremendous achievement for government, AIAC and the industry.

The speed with which this important change was made is a testament to commitment on the part of all parties to ensure that the changes were made and the competitive edge of the industry and government, was strengthened. Thanks to close cooperation between industry and government, and the decision to decouple this initiative from other ongoing negotiations, we got the job done much faster than expected – to the benefit of Canadian competitiveness and trade.

Hon. Diane Finley, Minister of
Public Works and Government Services



THE CANADIAN AEROSPACE SUMMIT

2014 marked the fourth year of the Canadian Aerospace Summit, and with more than 1,200 registrants and 100 exhibitors, it was our largest Summit yet. Themed “One World: Delivering Results in a Global Market,” the program focused on how all key players in aerospace, including leaders in governments, industry and research, need to align their efforts and resources to deliver results and growth for Canadian aerospace. The Summit also welcomed an impressive international contingent and hosted a special international program on the second day of the event.

As part of our signature B2B & Trade Show program, more than 400 meetings took place between OEMs, Tier 1s and suppliers from across Canada and around the world, including delegations from Brazil, the United States, Japan, Singapore, and more.

STATE OF THE INDUSTRY REPORT

For many years, AIAC has released an annual statistical analysis of the Canadian aerospace industry based on a survey of its members. In 2013, we entered into a partnership with Industry Canada to replace the AIAC survey with a joint annual State of the Aerospace Industry report, based on data collected by Industry Canada. This new approach enables us to continue identifying key industry indicators such as jobs, revenues and contribution



Supplier Forum at the Aerospace Defence and Security Expo, hosted by AIAC Pacific

to the national GDP. It also enhances our ability to provide deeper analysis of key aerospace trends and drivers within the broader context of Canadian manufacturing trends as a whole.

The 2014 State of the Industry Report was released in July. Key findings included:

- Contributing 172,000 jobs and nearly \$28 billion to the Canadian economy in 2013, aerospace continues to be a strategic economic driver

characterized by its innovation and strong growth forecasts.

- The aerospace manufacturing industry is one of Canada's most R&D- and export-intensive industries, spending \$1.7 billion annually – five times the manufacturing average.
- Canada ranks third in terms of global civil aircraft production and is forecasted to grow twice as fast as the global market during the 2014-2021 period, thanks in large part to its entrance into the large jet market next year.
- The Canadian aerospace defence industry has a strong MRO capability and its manufacturing activities are well integrated into global value chains. It also conducts a disproportionately high amount of defence-related R&D, relative to its size within the defence industry.
- Space systems manufacturing employment is concentrated in innovation and corporate functions, with highly-skilled, highly-paid employees and stellar rates of small- and medium-sized enterprises (SMEs) engaged in R&D.

The full report can be read [here](#).

AIAC PACIFIC

In December 2013, AIAC Pacific was launched. Under the guidance of B.C.'s aerospace industry leadership, a partnership was established with the Province of British Columbia to develop and

"Not only does the aerospace industry employ thousands of British Columbians, but it also generates billions of dollars in economic activity each year, and those numbers are increasing. Our government's partnership with AIAC will help to build a unified voice for the aerospace industry within B.C., and also nationally. In collaboration with AIAC, we look forward to helping the aerospace industry continue to thrive and contribute to our province's jobs and economy over the coming years."

Hon. Michael de Jong,

Minister of Finance of British Columbia;
November 2014

advance a strategy to unify the industry and accelerate the growth of aerospace in B.C. The B.C./AIAC partnership will benefit from the credibility, trust and stability associated with a national association and a Board populated by the largest aerospace companies in Canada. In addition, because key policies and programs that support the future of the aerospace industry are federally

(continued on page 17)



Members of Parliament met with Charlie Bolden, Administrator of NASA.

Top (L-R): Ron Cannan, MP for Kelowna-Lake Country; Pierre Nantel, MP for Longueuil-Pierre-Boucher; Mike Lake, MP for Edmonton-Mill Woods-Beaumont

Middle (L-R): Hélène LeBlanc, MP for LaSalle-Émard; Peggy Nash, MP for Parkdale-High Park; Jack Harris, MP for St. John's East; Peter Braid, MP for Kitchener-Waterloo; Earl Dreeshen, MP for Red Deer

Bottom (L-R): Gen. (Ret) Walt Natynczyk, Former President of the CSA; Jay Aspin, MP for Nipissing-Timiskaming; Charlie Bolden, Administrator of NASA; Jim Quick, President & CEO, AIAC

DELIVERING RESULTS

Space

In a year in which the International Astronautical Congress (IAC) held its prestigious annual gathering in Toronto with the slogan "Our world needs space," we sought renewed commitment on the part of government that Canada, too, needs space.

2013 and 2014 marked an important shift in the government's approach to space exploration and development, as it moved from merely fulfilling existing commitments to the space program to a more strategic, forward-thinking outlook. Over the past 12 months, the government has rededicated itself to the support and development of Canada as a space-faring nation.

Through the release of the Space Policy Framework and the creation of a Deputy Minister-level oversight committee and a Space Advisory Board, as well as the development of mechanisms to ensure

the early and regular engagement of industry, the government has begun to put into place measures that will drive a whole-of-government approach dedicated to the long-term success of the Canadian space program and industry in the years to come.

The result is a new energy in Canada's space industry. AIAC's Executive Vice-President, Iain Christie, is now serving a two-year term as President of the Canadian Aeronautics and Space Institute (CASI), which hosted the IAC 2014 in Toronto in September 2014. Canada was proud to host the global space community at the IAC and to welcome senior NASA officials to Ottawa as part of the Canadian Aerospace Summit in November. We remain committed to continued collaboration between government and industry to ensure that Canada's role as a space-faring nation continues to thrive in the years ahead.

developed and federally funded, it is logical that a strong national link will benefit regional industry.

Since its inception, AIAC Pacific has undertaken a number of initiatives including hosting the Aerospace, Defence and Security Expo (ADSE) in Abbotsford, B.C. Now in its third year, this was the first time AIAC took the lead as host of this growing event. ADSE 2014 broke previous attendance records with nearly 400 attendees and 47 exhibitors. Twenty-nine provincial and federal government representatives participated, including six federal and provincial Cabinet ministers.

Through the fall of 2014, AIAC Pacific worked with a team of industry experts and consultants in analyzing the economic impact and capabilities of B.C.'s aerospace sector. The report is to be released in early 2015 and will form the foundation for the development of B.C.'s aerospace industry growth strategy.

WESTERN ECONOMIC DIVERSIFICATION

In May 2013, Western Economic Diversification Canada (WD) announced a multi-faceted, two-year project in support of aerospace in Western Canada. Administered by AIAC, the project contains seven key activities:



(L-R): Hon. Michelle Rempel, Minister of State for Western Economic Development, Hon. Diane Finley, Minister of Public Works and Government Services, and Hon. Gordon Campbell, High Commissioner of Canada to the United Kingdom, in the AIAC/WD Western Canada pavilion at the Farnborough International Air Show.

Western Aerospace Partnership Days

The first Partnership Day, held in Ottawa on February 25, 2014, was a tremendous success. Nearly 30 industry representatives participated in the program, which consisted of a series of meetings, discussions and networking opportunities designed to raise the profile of the Western Canadian aerospace industry with

parliamentary and government officials in Ottawa. The next Partnership Day will be held early in 2015.

Western industry participation at the 2014 Canadian Aerospace Summit

Through the WD initiative, more than 22 companies exhibited in the Western Canadian Pavilion at the Summit, and participated in B2B meetings with aerospace OEMs and Tier 1 firms.

Western Canadian aerospace and defence industry presence at the Farnborough Air Show 2014

Through the WD initiative, more than 29 companies exhibited in the Western Canada section of the Paris Air Show, and a special Western Canada reception was held.

Industrial and Regional Benefits (IRB)-related supplier development activities

To be held in Spring 2015.

Supply Chain Development Initiative (Fall 2013-Spring 2015)

This activity is ongoing and will ensure that the specificities of Western companies will be reflected in the eventual implementation of the National Supplier Development Initiative.

DELIVERING RESULTS

Technology

The introduction of two new technology-focused programs and the recapitalization of a third made 2013 and 2014 banner years for aerospace research and technology development.

In September 2013, Industry Minister James Moore announced the launch of a new Technology Demonstrator Program (TDP) funded at \$110 million over four years and \$55 million each year thereafter. By increasing the ability of researchers and companies to bring new technologies to the commercialization stage, the TDP will help boost the industry's competitiveness, bolster supply chain development, and better support knowledge transfer from academic institutions into industrial applications.

AIAC was also proud to lead, along with the Consortium for Research and Innovation in Aerospace in Quebec (CRIAQ), the

development and launch of a new national aerospace research collaboration network called the Consortium for Aerospace Research and Innovation in Canada (CARIC). CARIC launched in April 2014 with a \$30 million budget and will play a pivotal role in bringing cohesion and long-term vision for the aerospace research agenda in Canada.

The Strategic Aerospace and Defence Initiative (SADI) was also recapitalized at close to \$1 billion for five years. Its Terms and Conditions were simplified and improved to make the program more appealing and accessible to small businesses seeking to conduct pre-competitive R&D.

R&D-related Research and Workshop

Was held in August 2014 at the Aerospace, Defence and Security Expo (ADSE).

Western Canadian aerospace and defence industry presence at outgoing international trade missions

AIAC coordinated and led Western Canadian participation in the 2014 Aerospace Defence and Supplier Summit in Seattle. Eight companies participated in this mission.

GUIDE TO CANADA'S AEROSPACE INDUSTRY

Featuring key information on national members, partners and provincial members, the 'Guide to Canada's Aerospace Industry' profiles the strengths and capabilities of our industry to potential customers, government and stakeholders. In addition

to established distribution channels with government, media and industry executives, the Guide is distributed at more than a dozen major international industry events as well as at the annual Canadian Aerospace Summit. More than 1,700 copies of the Guide





AIAC Board members meet with Richard Fadden, Deputy Minister of Defence; Michelle d'Auray, Deputy Minister of Public Works and Government Services; and John Knubley, Deputy Minister of Industry

are viewed online each year, further extending exposure to our members' capabilities and the industry in general.

We recently introduced a digital version of the Guide via an innovative rich media platform, optimized for viewing through web, tablet, mobile and social channels. It also includes embedded audio and live hyperlinks. The platform provides us with analytics that help in determining the effectiveness of the publication, and can

DELIVERING RESULTS

Defence Procurement

Both the Emerson and Jenkins reports called on the government to leverage public procurement spending to better promote Canadian industrial capabilities. The government's response to these recommendations, the Defence Procurement Strategy (DPS), was announced in February 2014 and implementation is now well underway.

The new strategy introduces value propositions as a component of evaluating bids for major government purchases alongside technical specifications and price. Proposed value propositions must demonstrate how bids will support Canadian Key Industrial Capabilities (KICs) and other productivity drivers such as intellectual property, innovation and high-value job creation. In addition, the strategy incorporates early industry engagement as the value proposition structure and weighting for individual procurements are developed. A Value Proposition Guide was released by the government in December 2014.

As part of the DPS initiative, the first Defence Acquisitions Guide (DAG) was released in June 2014. The DAG provides industry with early information about future procurements, enabling companies to make more informed research, operational and strategic decisions. It also allows industry to become engaged in the procurement process at an earlier stage, contributing advice, feedback and innovative solutions to the government based on their expertise as manufacturers.

The interim board of a new third-party Defence Analytics Institute (DAI) began its work in 2014. The DAI is comprised of representatives from industry and the academic and research community, and will provide data analysis to better inform future procurement, and support the review and validation of KICs. AIAC, which represents the views and interests of industry in the development of the DAI, is represented on the interim board by Iain Christie, Executive Vice President, AIAC, and Peter Gartenburg, Vice President, Canada Operations, L-3 Communications.

provide reports on online traffic for members' exposure. Further improvements to this platform's functionality and exposure on the AIAC website are in the planning stages and will be launched soon.

RECRUITMENT

More than 20 new member companies have joined AIAC over the past year, representing all category levels and most sectors of the industry. AIAC has seen a steady increase in its membership base over the last few years, from approximately 80 member companies in 2010-2011 to more than 130 members and partners today – an increase of more than 62 percent.

AIAC is currently developing a strategy for further expanding our membership and partnership base, which will include a stronger emphasis on member outreach, events and program delivery. We will continue to keep our members informed of our progress in the coming months.

Membership recruitment and retention is an important element of AIAC's business model, and providing a strong return on investment is critical to our success. We will continue working with our member companies over the next year to determine what their needs and priorities are, so we can ensure the industry's continued competitiveness.



"I view the fees we pay to AIAC as being sort of like a 'system access fee.' In order to make the membership work for us we have to be prepared to participate in the association, to serve on the committees and the board, and to attend the various events throughout the year. Being based in Moncton, this does require a significant amount of effort. But it is worth it!

"We continue to grow our aerospace business, and our membership in AIAC has been a big part of that success.

Through AIAC I have met some of our major customers' senior executives and have developed personal relationships with many of them. Because of AIAC I know and understand my customers better, and they know me and my business better as well.

Every year we look at our AIAC membership and ask ourselves if it is worth it. And every year we say: 'Yes, definitely.'"

Keith Donaldson

Director, Sales & Business Development
Apex Industries Inc.



2014 CANADIAN AEROSPACE SUMMIT



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1 Attendees meet and network at the B2B and Trade Show 2 Panel of senior representatives from Rockwell Collins, Lockheed Martin, Boeing, and the United States Departments of Commerce and Defense 3 Jim Quick, President & CEO, AIAC, and Charles Chong, President, Association of Aerospace Industries Singapore (AAIS) 4 David Curtis, President & CEO, Viking Air and incoming AIAC Chair, 2014-2015



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1 Attendees meet and network at the B2B and Trade Show 2 Jim Quick, President & CEO, AIAC (left) and David Curtis, President & CEO, Viking Air and incoming AIAC Chair (centre), thank Barry Kohler, President, Bell Helicopter Textron Canada (right) for his leadership as Chair of AIAC's Board during 2013-2014 3 Hon. James Moore, Minister of Industry, speaks at the Aerospace Leadership Luncheon 4 Honouring the recipients of the James C. Floyd Award, Dave Caddey (centre left) and Ron Holdway (centre right) 5 Presentation of an AIAC Certificate of Recognition to the Province of British Columbia for their \$5 million budget commitment to developing B.C.'s aerospace industry. (L-R): David Curtis, 2014-2015 AIAC Board Chair; Barry Kohler, 2013-2014 AIAC Board Chair; David Schellenberg, AIAC Pacific Chair; Hon. Michael de Jong, Minister of Finance, British Columbia; Jim Quick, President & CEO, AIAC



OUR TEAM

Members of the Board, 2013–2014

EXECUTIVE DIRECTORS

CHAIR:

Barry Kohler

President & CEO
Bell Helicopter Textron Canada

VICE-CHAIR:

David Curtis

President & CEO
Viking Air Ltd.

PRESIDENT & CEO:

Jim Quick

AIAC

PAST CHAIR:

Hélène V. Gagnon

Vice-President, Public Affairs,
Communications, Corporate
Social Responsibility & Achieving
Excellence System
Bombardier Aerospace

HONORARY TREASURER:

Dave Caddey

Executive Vice-President
MDA Corporation

HONORARY SECRETARY:

Patrick B. Mann

President
Patlon Aircraft & Industries

EXECUTIVE AT LARGE

Gabe Batstone

President
NGRAIN Corporation

Larry Fitzgerald

Vice-President & General Manager
Precision Castparts Corporation

David Gossen

President
IMP Aerospace & Defence

Marc Parent

President & CEO
CAE Inc.

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