

Contrails

MANITOBA AEROSPACE

JULY 2015

A PUBLICATION OF THE
MANITOBA AEROSPACE ASSOCIATION
MARKETING COMMITTEE

NEWS • EVENTS • INFORMATION



MESSAGE FROM THE EXECUTIVE DIRECTOR - KEN WEBB



With the Paris Air Show and another school year in the rear view mirror, it's time to move on to a sunny, big-sky, mosquito-free, festival filled Manitoba summer. Let's take a last look in that rear view mirror to see what your association has been up to recently before we look ahead to what's coming up.

Teaming up with the provincial government, MAA worked with Manitoba Jobs and the Economy to represent the Manitoba aerospace industry at the Paris Air Show.

Led by Deputy Minister Hugh Eliasson, "Team Manitoba" ensured that Manitoba was visible and active on the world stage and a prominent part of the AIAC-led Canadian aerospace presence. Through the WD sponsored Western Canada booth we supported Manitoba companies at the show; followed up key contacts made throughout the year; and represented Manitoba companies that weren't physically present.

With recent years of booming orders and record backlogs, aircraft sales were not expected to be this year's focus. Nevertheless 1,223 orders and commitments were announced, 13 more than at Farnborough in 2014. The continuing strong demand for new aircraft

was also reflected in Boeing's 2015 Commercial Market Outlook, which increased the 20 year forecast to 38,000 new aircraft world-wide, up three percent from last year.

With the orders and forecasts continuing to grow, there was a noticeable shift in focus this year to fulfilment and global supply chains. The competitive race is shifting from sales to cost contained execution.

This focus on manufacturing and supply chains re-enforces the importance of two national initiatives that MAA and MARHC are helping to execute here at home.

MAHRC is working with AIAC to develop a national aerospace supply chain program. Although announced in the 2015 budget, funding doesn't flow until 2016. AIAC is working with Industry Canada to try and move up the start date into this year.

The Consortium for Aerospace Research and Innovation in Canada (CARIC) regional network launched in April. The MAA will host the MB/SK Regional Office and recruiting is underway for a Regional Director (see page 5). The goal is to have the regional office set up by September. In the interim anyone looking for information or assistance can contact me directly.

CARIC supports industry led, low to mid TRL collaborative R&D projects. Each project must have at least two academic and two industrial partners. Industry is expected to contribute 25-30% of the funding for low TRL projects and 50% (cash and in-kind) for mid-level TRL projects. Proposals can be submitted at any time, and the scientific committee meets three to four times

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MESSAGE FROM THE EXECUTIVE DIRECTOR - KEN WEBB (CON'T FROM PAGE 1)

a year to review and approve projects. The next review dates are Sept. 10 and Nov. 27.

The first two CARIC projects in Western Canada were announced last month, including the CC-MRD led focused on developing innovative cost and weight effective wing and engine strut fairing close out sections using out of autoclave, resin infusion, and thermoplastic processes. There are six industry partners (Boeing - lead), Magellan Aerospace, Asco, Avcorp, Convergent Manufacturing Technologies, and PCM Moulds) supported by the CIC, NRC, Red River College, and the University of British Columbia.

Three more potential projects from the Manitoba aerospace technology road map are currently under development.

In May we celebrated Aerospace Week 2015. A theme of "Building a Better Future" was chosen, showcasing our members many contributions to building better communities as well as better aerospace products.

The major elements of Aerospace Week included Aviation and Aerospace In Manitoba (AAiM) Day; the proclamation of Aerospace Week by Kevin Chief, Minister of Jobs and the Economy; a 20 page insert in the Free Press with mini profiles of each industry member; a Members' Meeting with guest speakers (Corporate Social Responsibility, SR&ED Tax Credits); and a board-led team of volunteers serving breakfast at Siloam Mission.

In addition to Aerospace Week, recent outreach and advocacy activities included Western Partnership Days with MPs and senior government officials in Ottawa; assistance to WD to support business prospecting visits from French aerospace defence and security conglomerate MBDA and high tech start-ups WidePix and AdvaCam; co-sponsoring the Metal Working and Design Engineering Expo; and working with Manitoba Education and Advanced Learning in support of the recently announced 18 seat expansion of the engineering program at the University of Manitoba.

Looking forward, the MAA board will undertake a strategic review process.

The introduction of national initiatives and the opportunities and challenges from an expanding and globalizing industry are creating growth in activities and interests in the association. To focus on the highest value targets we need to look at what our members want, what should we be doing, and what our priorities should be. The goal is to report back to the membership at the AGM in October.

To get your input we have created a short, online survey that all members should have received invitations to participate in. I hope everyone will take the 15 minutes needed to complete the survey.

This fall, our annual golf tournament is September 10; the joint MAA/MAHRC AGM is October 1; the CARIC Research Forum is October 7th (Toronto); and the All-Stars Awards Gala is November 19th.

The golf tournament and awards gala are fundraisers, with all net proceeds going to the student endowment funds. Each year we provide six student awards, so your participation helps build our future workforce. With matching funds available for the RRC and U of M endowments your participation is more valuable than ever.

At the All-Stars Awards Gala we recognize excellence in our aerospace community. Recipients can be aerospace companies, individuals, workplace teams, or our partners in education or government. This is our invitation to you to become a nominator. The process is easy. Nomination forms can be found on our website and you can always contact me for help.

So mark your calendars for these important events and come out to enjoy some fun events. In the meantime, let's all go celebrate summer.

Cheers.

Questions or comments? Contact me at 204-799-7660 or kenwebb.maa@mymts.net.

NEW OPERATION EXPANDS STANDARDAERO'S FOOTPRINT

Source: Winnipeg Free Press Apr. 8, 2015

StandardAero is adding a strategic new business line to its already extensive operation for gas turbine engine maintenance repair and overhaul around Richardson International Airport.

The company is making a multimillion-dollar investment in Winnipeg, effectively creating a new business called StandardAero Component Services (SACS) Canada.

The purchase and installation of several million dollars worth of machinery including new stripping and plating equipment will allow the Winnipeg operations to become an even larger player in the global business of engine parts repair.

"When it comes to the marketplace, component repair and overhaul is a growth business," said Manny Atwal, vice-president of the new SACS Canada unit. "In the long term, we see a lot of future in that particular market."

Among other things, the plan is to develop new repair services that are not currently available in the market. The company will work closely with engine original-equipment manufacturers (OEMs) as well as the aircraft fleet operators who are looking for better longevity for parts.

The new Winnipeg shop will support its own engine maintenance, repair and overhaul (MRO) customers and it will also develop business with third-party MRO facilities including those working on engines StandardAero does not currently service.

The company already operates a stand-alone component-repair facility in Cincinnati -- down the street from a major General Electric engines plant

-- and the decision to build out the capabilities in Winnipeg is partly in recognition of the strength and expertise held in the Winnipeg shop.

The Winnipeg shop will not duplicate what is already being done in Cincinnati. Atwal said certain repairs and process are better suited to be done in Winnipeg because of the existing skill set and the centre of excellence that exists here.

"Winnipeg is strategically important to StandardAero," Atwal said. "We want to make sure we have good scale and base and growth in Winnipeg."

The company intends to use its existing workforce in Winnipeg -- about 1,200 people -- for the initial ramp-up phase, but the plan is for that business to continue to grow, suggesting additions to the workforce would be needed in the future.

Some of the new lines will be up and running by the fourth quarter of this year, and additional fitting out will occur next year.

As well as new equipment, the multimillion-dollar investment will include a complete redesign of the interior space at its so-called Plant Three on Sargent Avenue -- the site of a fire last year -- optimizing product flow, using monitoring systems for improved process control and installing a dedicated research and development line.

The company currently operates in 12 buildings with about 665,000 square feet of space in Winnipeg. Its Cincinnati shop is about 250,000 square feet, with about 400 employees.

MANITOBA AEROSPACE GIVES BACK

During Aerospace Week, a team of MAA Board members volunteered to serve breakfast at Siloam Mission on Friday, May 29. This year's theme was "Building Our Future" and the board decided to give back to the community and volunteer for the breakfast service. A great end to the week.



BOEING'S NEW EXPANSION WINS ENGINEERING AWARD



Front entrance to the new Boeing expansion in Winnipeg

The new expansion has been open for four months and it's already winning awards.

The Association of Consulting Engineering Companies (ACEC) recently presented Boeing Canada Winnipeg and Stantec Consulting Ltd. the Award for Merit in the Industrial category for the building expansion.

Stantec, the engineering firm for the expansion,

submitted the project for nomination to ACEC which are evaluated for excellence in design, complexity, technical merit and social/economic impact. The award recognizes members of the association in Manitoba for their excellence of services to the general public and society.



Stantec President and CEO Bob Gomes toured the expansion with director of Manufacturing Marty Lehman, director of Engineering Marc Groenewegen, project lead Pierre Couturier, and former project lead, retiree Ed Enns. Also on hand from Stantec was associate architect Scott Neish and senior associate Leo Korenbaum.

CARIC REGIONAL DIRECTOR JOB POSTING



The Consortium for Aerospace Research and Innovation in Canada (CARIC) is a national network established with the Government of Canada's financial support. Its mission is to facilitate communications and collaboration among

aerospace companies, researchers and academics. CARIC provides financial support for collaborative R&TD projects and creates and supports collaboration initiatives whose primary purpose is to promote responsive, impactful R&D.

As the host agency for the regional CARIC office, the MAA is seeking an experienced and enthusiastic collaborator to serve as the regional CARIC representative and grow the regional network for Manitoba and Saskatchewan.

Reporting to the Executive Director of the MAA, the Regional Director is responsible for developing industry focused collaborative R&D projects, supporting the participants through all stages of a project, and growing the network.

CARIC REGIONAL DIRECTOR JOB POSTING (CON'T FROM PAGE 5)

The Regional Director requires several years of broad experience in the aerospace and defence sectors, with proven leadership ability and experience in research and business development and team building, especially as it applies to Small to Medium Enterprises. The ideal candidate will also be able to demonstrate success in securing project funding as well as having successful proposal development, grant writing, and project management experience. The director will be

self-directed, able to work independently, and have excellent written and oral communication skills.

For more detail please see www.mbaerospace.ca/

Please forward your resume or proposal by July 15, 2015 to: kenwebb.maa@mymts.net

NEW MEMBERS



OIC Precision Labs offers: coordinate measuring machine (CMM) measurement, programming, and training; contact profilometry; scanning electron microscopy; and material characterization and testing services.

We are dedicated to providing high quality, high accuracy services to meet the demanding requirements of manufacturers, researchers, and industry professionals across multiple sectors including aerospace, medical, manufacturing, utilities, and mining. Our team of engineers and technologists know what it takes to provide high caliber results, and will work with you to meet and exceed industry standards.



Precision ADM identifies, develops, and manufactures high value application opportunities in additive manufacturing. Whether on our own, or working with clients, partners, and suppliers, we access the latest and highest quality production additive and subtractive equipment, processes, and expertise.

With a strong focus on metal and polymer parts for medical and aerospace applications, we endeavour to find the part design and manufacturing solution that best meets the material, quantity, quality, and cost characteristics required for that specific application.



Established in 1991 by licensed, experienced propeller technicians, Canadian Propeller has been meeting the needs of our customers for over 20 years.

Canadian Propeller specializes in aircraft propeller & governor maintenance and servicing of all types of aircraft from Cessna 150's to Beech 1900's and Dash 8's. We also provide propeller fleet consulting, management and valuations. Specific industry propeller training is also available to suit your particular needs.

MAGELLAN AEROSPACE TO PARTNER WITH MAHINDRA AEROSPACE IN INDIA



(L-R) Mr. Haydn Martin, Magellan's Vice President Business Development, Europe; Arvind Mehra, Executive Director and CEO, Mahindra Aerospace; and Mr Stephen Roebuck, Mahindra's Director, Business Development – Aerostructures Business, Mahindra Aerospace post signing a Memorandum of Understanding (MOU) to offer their mutual customers major structural assemblies, machined components and fabrications for the global market.

On June 18, 2015, at the Paris Air Show, Magellan Aerospace announced the signing of a Memorandum of Understanding (MOU) with Mahindra Aerospace, an Indian-based aerospace manufacturing company, to develop a partnership agreement. This agreement will provide the framework for the two companies to offer their mutual customers major structural assemblies, machined components and fabrications for the global market. The agreement also supports Magellan's

customer's strategy to develop supply from India. The Magellan / Mahindra MOU responds to the needs of Magellan's customers, who were seeking a solution to support larger work packages in India.

Under the terms of the agreement, Magellan and Mahindra will develop a framework to partner on jointly responding to and developing new aerostructures business opportunities. Magellan will manufacture and supply large, complex machined components from its European and North American facilities, supported by detailed machined parts from Magellan's existing Indian joint ventures, API and Triveni. Mahindra will lead in providing sheet metal and the fabricated detailed parts to support these assemblies. Mahindra will also develop a major structural assembly capability at its Bangalore-based facility.

About Mahindra Aerospace

Mahindra Aerospace has been in the utility aircraft and aerostructure manufacturing business since 2008. Its utility aircraft business, based in Australia, currently produces the Airvan 8, the most capable, rugged and versatile utility aircraft in its class. Certified in 38 countries, over 200 are in service. Mahindra Aerospace is also developing a 10-seat turboprop, the Airvan 10, which is scheduled for certification in 2015.

The Aerostructures business operates out of a new 25,000 sq. m. facility located at the Narsapura Industrial Estate, about 40 km east of Bengaluru city, India's primary aerospace manufacturing center, with excellent access to international air and sea-ports. The facility possesses a comprehensive suite of capabilities to manufacture sheet metal parts and assemblies, such as CNC routing, automatic deburring, brake-press forming, stretch forming, hydro-forming, heat treatment, a fully-automated surface treatment line and over 9,000 sq. m. of floor space dedicated to assembly work. Inaugurated in 2013, the facility is certified to demanding Airbus specifications as well as aerospace industry-standard requirements such as AS9100 Rev C and NADCAP.



SAVE THE DATE



INVITES YOU TO OUR

2015
**ANNUAL
GENERAL
MEETING**

OCTOBER 1, 2015

8:00 AM - 10:00 AM

HILTON SUITES AIRPORT

1800 Wellington Ave. | Stevenson Ballroom AB

To register please contact **204-272-2957**


MANITOBA AEROSPACE ASSOCIATION 5TH ANNUAL GOLF TOURNAMENT

Mark your calendars for Thursday, September 10th to participate in the 5th annual MAA Golf Tournament. This year's tournament will take place at Larter's Golf and Country Club, located on the picturesque banks of the Red River. Lunch will be served at noon prior to the shotgun start at 1:00 (dinner to follow).

All proceeds go towards the MAA Student Endowment Fund. Each year, MAA, in partnership with MAHRC, awards bursaries to students from five schools who exemplify qualities that are endorsed by the aerospace community. Those qualities consist of integrity, reliability, team work, innovation and work ethic. For more information and to register, click on this link:

<https://www.larters.com/manitoba-aerospace-tournament>

See you on the greens!



In Support of the
Aerospace Student Awards Endowment Fund

2015
Golf Tournament

MANITOBA AEROSPACE

Place: Larters at St. Andrews Golf & Country Club
Format: Texas Scramble
Time: 1:00 pm Shotgun Start

\$175 / person
Includes Greens fee / Cart / Dinner / Prize

To register please contact Peter Ewert
(204)334-2107 ext. 207
pewert@larters.com

September 10, 2015

2015 AEROSPACE & AVIATION IN MANITOBA (AAiM) DAY

The ninth annual AAiM Day was held on May 22, 2015 with over 600 Grade 6 students attending. The program is a one-day event that is hosted at Red River College - Stevenson Campus, and is designed to provide hands on activities that relate to the aviation and aerospace industries and correlates with the Manitoba Grade Six science curriculum units on flight and space science.

Over 150 volunteers from industry and the affiliated educational institutions/organizations were involved in the event as group leaders, instructors or assistants, etc. Thanks go out to Kevin Chief, Minister of Jobs and the Economy, who attended the event and with the help of a group of the Grade 6 students proclaimed Aerospace Week in Manitoba from May 25 to 29, 2015.

The partners whose staff and/or students make AAiM Day happen are: Boeing Winnipeg; Magellan Aerospace; StandardAero; Manitoba Aerospace Human Resources Council (MAHRC); Career Trek ; Red River College, Stevenson

Campus; Manitoba Rocketry Group; Tec Voc High School - Aerospace Manufacturing and Maintenance Orientation Program (AMMOP); Women in Science and Engineering (WISE), University of Manitoba; Canadian Air Division Headquarters; 17 Wing; Canadian Forces School of Aerospace Studies (CFSAS); and Air Cadet League of Canada (MB) Inc.

The program features six 20-minute learning modules. The program runs like a well oiled machine with each of the organizations taking a lead role on one or more of the activities which are: aircraft inspection; composite manufacturing; the theory of flight, rocketry, space crater fun and flight theatre. Flight Theatre was especially exciting because the students went on board a Lockheed C-130 Hercules aircraft and were taken through the steps of how to do a rescue mission.

AAiM Day 2015 was another great success!



Photo Credit: Celine Chin



Photo Credit: Celine Chin



Photo Credit: Celine Chin



Photo Credit: Celine Chin

ANNOUNCING NEW PRESIDENT & CEO OF WESTCaRD IN JUNE 2015



Centre for the Advancement of World-class Engineering & Environmental Testing and Innovative Research & Technology Development

The members of the Board of Directors of WestCaRD are pleased to present Bob Hastings, of Pointman Canada Ltd, as the next Chief Executive Officer (CEO) of WestCaRD. Mr. Hastings is the successful candidate resulting from a nationwide search to fill the position. "Bob Hastings has been unanimously confirmed by our Directors as President and CEO of WestCaRD. We are pleased to welcome him to our organization", said Michael Kukelko, Chairman of the Board of Directors of WestCaRD.

Mr. Hastings commenced his duties in June 2015. During his initial month, Hastings worked closely with retiring CEO, Vic Gerden, to ensure a

smooth transition. Mr. Gerden will remain a Director of WestCaRD, serving on its Board.

"We thank Vic Gerden, our founding CEO for his extraordinary contributions to our organization. We simply would not exist had it not been for Vic's constant, steady hand and vigilance guiding us from our inception though the success we are experiencing now," said Chairman Kukelko. "Bob Hastings is uniquely qualified to lead WestCaRD into our next exciting chapter."

Mr. Hastings comes to WestCaRD as a seasoned aerospace executive, well known for his contributions to the aerospace industry within Canada and beyond. He brings unmatched experience gained through a variety of experiences in aviation research and development (R&D), advanced technology, military service and business development.

WestCaRD's mandate is to support the growth of new technologies, enable R&D projects, create business opportunities and facilitate associated high tech institutional workforce training and development. WestCaRD is broadening its objective, maximizing technology development opportunities with aerospace testing and propulsion while branching into other relevant industrial sectors.



Hold the date!

2015 Manitoba Aerospace Dinner & Awards Evening
The 14th Annual Manitoba Aerospace Awards Dinner

Thursday, November 19th, 2015
Victoria Inn – 1808 Wellington Avenue
Reception – 5:00 p.m. | Dinner – 6:15 p.m.

VERITAS BUYS STANDARDAERO

Source: Winnipeg Free Press May 26, 2015



A StandardAero aircraft engine mechanic works on an aircraft engine at the Winnipeg plant.

StandardAero has another new private equity firm owner.

The aerospace maintenance, repair and overhaul (MRO) firm whose largest operational centre is in Winnipeg has been sold to New York-based Veritas Capital.

Dubai Aerospace Enterprises, acquired StandardAero and Phoenix-based Landmark Aviation in 2007 from the Carlyle Group.

That deal had valued the StandardAero portion at just over \$1 billion.

Shortly after DAE acquired StandardAero its head office and management team moved to the Phoenix area.

StandardAero is the world's largest independent gas turbine engine MRO firm. Its sprawling Winnipeg operation has about 1,200 employees.

Landmark does airframe and engine MRO as well as avionics and interior refurbishing of mid-sized and heavy aircraft with several facilities in the U.S.

StandardAero also has a couple of large U.S.

locations as well as a small facilities in The Netherlands, Singapore and Australia.

Terms of the Veritas transaction were not disclosed.

The deal is the first acquisition in the \$1.8 billion Veritas Capital Fund V.

Early indication is that Veritas will keep current management and operations in place.

In a statement, Ramzi Musallam, managing partner of Veritas, said. "StandardAero is the leading independent provider of aircraft engine MRO services

in North America and we are very excited for the opportunity to partner with Russell Ford and his leadership team to help drive its next phase of growth, including expanding the company's presence globally. Without a doubt, StandardAero's greatest asset is its world-class employee base and we look forward to building upon the strong foundation created by this talented organization over its 100+ year history."

It's StandardAero's third change of ownership in 17 years, all in private equity deals.

Arguably each time the firm has grown in size and relative market presence.

In 1998 London-based Doughty Hanson & Co. acquired it from another British private equity firm, BTR. The Carlyle Group bought it in 2004 and newly formed Dubai Aerospace Enterprises acquired it in 2007 as part of a global buying spree. StandardAero officials both in Winnipeg and at its Scottsdale head office are optimistic that the latest deal will allow it to continue to grow.

Ford, the Scottsdale-based CEO of StandardAero released a statement before noon saying, "StandardAero is excited to move on to the next

VERITAS BUYS STANDARDAERO (CON'T FROM PAGE 7)

phase of ownership for the company and a new partnership with Veritas Capital... StandardAero is fundamentally a very strong business and this change in ownership will ensure that we continue to achieve our business plans and build an aggressive trajectory for growth."

DAE Managing Director Khalifa H. AlDaboos said in a prepared statement, "StandardAero is one of the world's largest independent MRO platforms with clients in over 70 countries... This transaction will allow StandardAero to accelerate its growth by leveraging Veritas' global relationships and in-market presence."

Since 1998 Veritas has keyed on middle-market companies providing products, services or solutions to government customers.

Musallam also said, "StandardAero is a cornerstone investment of Veritas Capital Fund V and creates a new strategic platform for Veritas in commercial and military aerospace. We look forward to applying our deep investment experience within the aerospace market to support the growth of StandardAero."

EURAVIA ENGINEERING SELECTED TO PROVIDE PT6T AND PT6C ENGINE MAINTENANCE, REPAIR AND OVERHAUL FOR PETROLEUM AIR SERVICES

Euravia Engineering, a wholly-owned subsidiary of Magellan Aerospace Corporation, has been selected to provide PT6T and PT6C engine maintenance, repair and overhaul (MRO) for Petroleum Air Services. It is expected that this contract will generate US \$6 million over a 3 year period. The initial contract period covers to year end 2016, with an option to renew for 2 additional years.

Euravia is internationally recognized as a Centre of Excellence for PT6A, PT6T and PT6C engine MRO; and supports over 150 customers in 50 countries.

Mr. Dennis Mendoros, President, Euravia, said, "I am delighted that PAS, a major airline providing oil industry support and commercial passenger services across Egypt, has shown long-term confidence in Euravia's excellent services and support. This significant new contract demonstrates Euravia's continued commitment to developing

strategic, long term relationships with major operators in the Middle East region. This new contract clearly validates Euravia's commitment for sustainable and cost-effective services."

Mr. Mendoros continued, "Exports now account for over 90% of Euravia's sales revenue which underpins the company's growth strategy. Our goal is to ensure that high quality

and reliable customer service is being delivered to all Euravia's customers."

Petroleum Air Services Chairman & Managing Director, General Hussein, said: "Our main objective is to ensure the highest standard of quality and safety, and to maintain PAS' excellent dispatch reliability record. We have selected Euravia to be one of our reliable vendors to support our PT6 engines due to their excellent reputation for engine reliability and customer support services. We are looking forward to a long-term business relationship with Euravia."

"We have selected Euravia to be one of our reliable vendors to support our PT6 engines due to their excellent reputation for engine reliability and customer support services."

General Hussein
Petroleum Air Services
Chairman & Managing Director

DELOITTE: R&D TAX UPDATE

DECISION IN LES ABEILLES CASE ON SR&ED ELIGIBILITY FAVOURS TAXPAYERS



On October 23, 2014, the Tax Court of Canada issued its decision in *Les Abeilles Service de Conditionnement Inc. v. The Queen*, an appeal regarding the eligibility of work claimed by the taxpayer as scientific research and experimental development (SR&ED). The decision was in favour of the taxpayer and contains some interesting elements related to SR&ED.

In *Les Abeilles*, the taxpayer's SR&ED claim was in respect of four projects that involved the development of new or improved manufacturing processes for mechanical and electrical systems. The Canada Revenue Agency (CRA) considered all four projects to involve standard practices or routine engineering with no technological uncertainty or advancement. As such, the CRA rejected the SR&ED claim.

However, the court found in favour of the taxpayer and determined that all four projects did constitute SR&ED. In coming to this conclusion, two questions were considered:

- Was the work undertaken in the interest of technological advancement?
- Was the work undertaken with a view to creating new or improving existing processes, even slightly?

The TCC held that the technological work should have been examined in its entirety rather than be evaluated by the CRA at the level of each individual activity on a standalone basis.

In the decision, the five criteria established in *Northwest Hydraulic Consultants Ltd. v. The Queen* for assessing the eligibility of work as SR&ED were noted with the following comments:

- The five criteria serve as considerations in

determining whether the work involved scientific advancement and was undertaken in the interest of technological progress.

- The nature of the five criteria is not absolute. Specifically, it is not necessary to actually achieve advancement - undertaking work with a view to achieving advancement is sufficient.

The court concluded that the taxpayer clearly did not know how to achieve its technological objectives and that there was technological uncertainty, rejecting the CRA's arguments that the work constituted standard practice. As well, it concluded that the work undertaken was in the interest of technological progress. Based on these conclusions, it appears that where technological uncertainty exists, and is addressed with the aim of achieving technological advancement, the work undertaken cannot be considered standard practice. Importantly, a key to this conclusion is that the taxpayer was able to demonstrate that it had undertaken reasonable due diligence in discarding established practice prior to undertaking its development work.

It should be noted that while both the taxpayer and the Crown representing the CRA put forth expert witnesses, the Crown's expert witness was the CRA's research and technology advisor (RTA) responsible for the SR&ED review in question. The court found that the RTA's testimony as an expert was not impartial and largely discounted his testimony. It will be interesting to see whether this finding affects the CRA's practice of using its own staff as expert witnesses in future cases.

This case is a welcome decision in an environment in which the burden of establishing eligibility for the SR&ED incentive program is becoming more challenging for taxpayers.

Deloitte's Global R&D/Government Incentives professionals are experienced in assessing eligibility for SR&ED incentives. We would be happy to discuss how our expertise and tools can be used to your advantage. In Winnipeg, contact **Andrea Legary, Manager – Global R&D and Government Incentives**, at alegary@deloitte.ca.

STANDARDAERO MAKES MULTI-MILLION DOLLAR INVESTMENTS FOR IN-HOUSE PLATING CAPABILITIES AND COMPONENT REPAIR INFRASTRUCTURE IMPROVEMENTS

Source: StandardAero Apr 7, 2015

StandardAero is making multi-million dollar investments at its component repair facilities in Winnipeg, Canada, and adding significant capabilities to its plating line. These operational upgrades will enhance customer services in the company's already world-class facility.

As a result of these investments, StandardAero will provide additional stripping and plating processes for chrome, electroless nickel, sulfamate nickel (hard & soft), cadmium (bright & non-bright), silver, copper and tin plating for aerospace parts and components.

In addition, the company is increasing the square footage of its Winnipeg shop, adding a significant number of tanks, optimizing product flow, using

monitoring systems for improved process control and installing a dedicated R&D line.

These improvements are designed to reduce the time it takes to develop new repairs and plating processes for customers. Moreover, the expanded and redesigned facility will exceed all necessary environmental requirements and provide an extremely safe working environment.

The expansion and improvements in the facility are expected to be fully completed by September of this year. The Winnipeg shop will support other StandardAero and customer MRO facilities around the world.



StandardAero

FIRST CARIC PROJECT APPROVED IN WESTERN CANADA

The Consortium for Aerospace Research and Innovation in Canada (CARIC) announced approval for funding to support a collaborative technology demonstration project during the recent Paris Airshow.

This project is coordinated through the Canadian Composite Manufacturing R&D Consortium, CCMRD, a consortium of aerospace companies and research organizations across Canada. The project entitled, "Design and Technology Development of Optimized Composite Aircraft Structures Using Knowledge Based Iterations", will further the knowledge, experience and capability of advanced composite design, development, simulation and manufacturing in Canadian industry, predominantly in Western Canada. Outcomes will

be industrial competitive advantages, best practices documents and Highly Qualified Personnel (HQP).

The CCMRD project will focus on innovative design, technology development and manufacturing processes to produce challenging aircraft geometry from composite materials. Six industrial partners, two research organizations and two academic partners, coordinated through CCMRD, will collaborate to generate knowledge and create innovative solutions especially related to new materials and manufacturing technologies. It is anticipated that the results will enable Canadian industry to adopt new capabilities with resulting economic benefits.

PEOPLE ON THE MOVE



Congratulations to Vic Gerden on his retirement.

Vic's most recent retirement is from WestCaRD, where he was CEO. He will remain a Director of WestCaRD, serving on its Board.

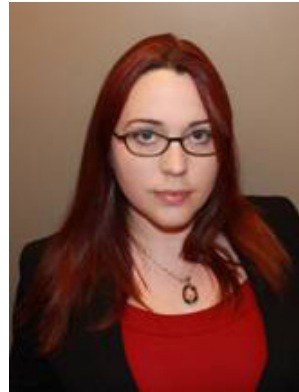
Vic has a background of managing large teams and complex aviation and aerospace-related projects. His early career was with the Canadian Forces. He earned an Airline Transport Pilot License and has flown over 25 military and civilian aircraft and helicopter types.

After reaching the rank of Colonel he transitioned to a career with the Transportation Safety Board of Canada where he held the positions of Re-

gional Manager Central Canada, National Director of Air Investigations, Chief Investigator of the Swissair 111 Investigation, and Senior Advisor for National and International Operations.

He became the Executive Director of the Manitoba Aerospace Association in 2005, and moved in 2011 to being CEO of WestCaRD.

Good luck Vic, in all your future endeavors!



The Manitoba Aerospace Association would like to extend a warm welcome to Stacy Evans, accountant at StandardAero, and the Associations' new Treasurer.

MANITOBA AEROSPACE EVENTS - SUMMER/FALL/WINTER 2015

Aerospace, Defence and Security Expo
Abbotsford, British Columbia
August 6-7, 2015

2015 IV Brazil-Canada Seminar in MRO
Industrial Technology Centre, Winnipeg
August 26, 2015

An Introduction to Vision Applications in a Robotic Environment
Sao Paulo, Brazil
August 13, 2015

Manitoba Aerospace Golf Tournament
Larters at St. Andrews Golf & Country Club
September 10, 2015

DSEI 2015
London, UK
September 15-18, 2015

MAA/MAHRC Joint Annual General Meeting
Hilton Suites Hotel, Winnipeg
October 1, 2015

CARIC Research Forum
Toronto, Ontario
October 7, 2015

Horizon 2020 Space Week
Italian Space Agency, Rome, Italy
October 21-23, 2015

2015 Canadian Aerospace Summit
Ottawa, Ontario
November 17-18, 2015

Manitoba Aerospace Dinner and Awards Evening
Victoria Inn, Winnipeg
November 19, 2015

Singapore Air Show 2016
Singapore
February 16-21, 2016