

PRESENTATIONS

WELCOME

Robert D. Fox
Hillcrest Aircraft Company, Inc.
HAI Chairman

I appreciate the opportunity to talk to you this morning. I would like to welcome all of you to what could be the first day of the rest of our helicopter industry's life.

Last night we had a preliminary meeting of the steering committee and the workshop leaders, and it was apparent that we have a wealth of talent assembled here, all very enthusiastic and prepared to make this a valuable event for the helicopter industry. However, the value of this two-day workshop is up to you. We need your participation to help us understand how our industry is going to remain viable.

Many of you have spent years in this industry, as I have. I was with Evergreen Helicopters for over 17 years. My experience also includes several years as chairman of the HAI Economic Committee, preceding the current chairman, Brandon Battles. That committee has always pushed for more and better collection and exchange of operator economic information and continues to do so. For the past four years, I have been on the HAI Board of Directors serving as Assistant Treasurer, Treasurer, Vice Chairman, and, as of July 1, 1991, Chairman. I have seen operator economics from every possible angle, and I am convinced there is a strong correlation between economic viability and sharing of information.

Even though this industry is and always will be competitive, we still must cooperate and share

information on costs. This forum is a logical place for such exchange to happen. I would like to suggest some points for you to consider during the next two days.

First is the need for realistic regulations and consistent enforcement of those regulations by FAA. Through the Aviation Regulatory Advisory Committee, FAA is cooperating with our industry to develop regulations that affect helicopters. We do not have to, nor can we, live under regulations designed for fixed-wing aircraft and modified for helicopters.

The second area is insurance costs, primarily product liability. Something has to be done about it. It is killing our industry.

The third area is advances in manufacturing to increase component life and lengthen the time between overhaul. Through better engineering and better reporting of maintenance and malfunction information, proper data can be collected to help us lower direct operating cost.

Finally, my old song: operators need to be aware of their true costs. We have to avoid unrealistic competition and price cutting born of the mistaken belief that they are ways to increase cash flow and profitability. Some operators are still using 1980s pricing in the real world of the 1990s. We cannot continue to do this and remain in business. Cost accounting among operators has not kept pace with the times and advances in the industry.

As we prepare to divide into five working groups, I thank you again for being here and taking part in what could be the start of a new era in the helicopter industry—one where we share ideas and work together for the common good of the industry that we serve in so many ways.

HELICOPTER OPERATOR ECONOMICS: A FEDERAL PERSPECTIVE

Michael C. Moffet
Assistant Administrator for Policy, Planning,
and International Aviation
Federal Aviation Administration

It is a pleasure for me to be here and see such a good turn-out of people to consider this important issue. It is always good to get outside of Washington and see what

the real world is thinking about. Even though we are in California, I still considered this part of the real world. Southern California is a beautiful place that is particularly apropos to consider aviation problems because it has meant so much in the history and development of the aviation industry.

With regard to industrial development, look at the MacDonnell Douglas facility up the road. With regard to history, consider that the Spruce Goose is just a short way down the road. All around us is one of the most complex pieces of airspace in the country, utilized by