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Notes for an Address

by

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President and CEO

NAV CANADA

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Thank you, Marc and good afternoon everyone.

I'd like to extend a warm welcome to the NAV CANADA employees here today, to our bargaining agents, our customers, members of the public and all other stakeholders.

I'd also like to wish you all a very happy 2019.

Our new year will be starting with a 'bang' – or, perhaps a roar – that of a Space X rocket carrying the seventh and final Aireon payload. We were hoping to announce lift-off today, but the weather in California has not been cooperating.

But, very soon, we'll be able to use space-based ADS-B in our airspace, helping our customers to fly more safely and efficiently.

Aviation Today

This is one example of how it is truly an exciting time to be working in aviation.

Traffic growth continued through 2018 and while it shows some signs of abating, it brought, and continues to bring with it, real-time challenges and unprecedented opportunities, in equal measure.

So, more people are flying, more planes are in the air, and I am happy to report that we have had some real successes this past year in meeting those challenges; in taking advantage of those opportunities.

In part, this comes from a comprehensive, focused and aligned course of action that we set out when we developed our multi-year Strategic Plan in 2016, designed to ensure that all of our activities were centred on creating value for all stakeholders in the air navigation system.

The Plan directed our activities throughout 2018, by keeping us focused on six areas of priority.

- Safety;
- Service;
- People;
- Technology;
- Brand, and
- Finance and governance.

Much of what we accomplished in fiscal 2018 in these areas also forms a solid foundation for our future, as we look to meeting these challenges and opportunities for our stakeholders, through bold innovation in the future.

But, before we look to how we will be innovative in the future, let's reflect on 2018.

Safety

First, safety.

Safety has always been the linchpin of our Company. It connects all parts of a complex air navigation system and is integral to everything we do.

As Marc mentioned, in 2018 we experienced one of our safest years to date.

Our five-year moving average of 0.67 losses of separation per 100,000 movements is an improvement from last year – keeping us in the top decile of major air navigation service providers for safety.

But there is no standing still when it comes to aviation safety. We have a working environment where change is a constant, and where we're introducing new technology, applying new standards, or responding to more air traffic.

In turn, we've addressed this increasing complexity by maturing and expanding the scope of our Corporate Safety Plan.

It now includes specific actions for mitigating our most significant operational safety risks.

The top risks in the plan were identified as priorities by our employees.

Heading the list is the challenge presented by the increase in flight school activity in Canada and the miscommunication that can come with it.

Following a close second, is the risk of accidents between aircraft and UAVs, as their commercial and recreational use grows.

Each of the operational risks has an action plan that will be incorporated into the delivery of our services.

We are also well into a multi-year NAV CANADA Safety Information System project that is already giving us deeper insights into safety-related data and helping drive improvement.

People

Next, our amazing people.

I only have to look at our track record of achievement and innovation to know that we have some of the best and brightest people in the industry helping us to operate Canada's ANS.

This past year I've been to many NAV CANADA sites - from facilities on Vancouver Island to those in Newfoundland and everywhere in between – meeting with our employees.

It's been a real pleasure to visit each of these unique operations and to be able to connect with, and learn from so many talented and caring people.

It was also inspiring to see that our commitment to excellence and spirit of innovation is alive and well at NAV CANADA in all corners of the country.

I've expressed this before, but it bears repeating – our people are the reason for the exceptional success we have achieved, and the reputation this Company enjoys is due to them.

And, to keep pace with growing service and capacity demands, we are taking a strategic approach to recruiting, training and engaging both existing and future employees.

To help us, we went to our employees and asked them what makes NAV CANADA unique – what gives people a reason to build a career here.

Their answers shaped our new recruitment brand called Leave Ordinary Behind, which we rolled out early in 2018.

We're also turning the spotlight on diversity and inclusion, making sure all voices are at the table, encouraging far-ranging ideas, removing unintended barriers to fully participate, and welcoming new groups, hoping to inspire and encourage them to consider aviation as a career.

A new approach to candidate selection for air traffic services was piloted this past year using advanced simulation testing and problem-solving to identify the best candidates.

Once candidates are in the program, we've introduced performance coaching for on-job instructors, and a peer support program is in place to help students progress successfully.

While we still have much work to do, these combined efforts are beginning to pay off as we welcomed 125 newly licensed air traffic controllers and certified flight service specialists this past year.

We also made more progress on our journey to be one of the best workplaces in Canada. The results of our biennial Engagement Survey showed a rise in our overall employee engagement score from our last survey in 2016. We were also honoured to be named among Canada's Top 100 Employers for the third consecutive year.

Service

So, how have we done on service to our customers?

As I said, air traffic is growing. Traffic in the airspace we manage has grown in each of the past five years with a 5.1 per cent increase this past fiscal year.

This growth makes continuous improvement in service delivery and increased operational efficiency for our customers an even greater priority.

Our focus on these areas this past year has paid dividends, with material improvements in on-time operations, declines in delays and restrictions, and an enviable 99 plus per cent availability of equipment and systems.

We achieved this, again, with hard work from our employees and the support of our bargaining agents who stepped up repeatedly to both manage the day-to-day work and support new projects.

Communication and collaboration

Ongoing communication and collaboration with all stakeholders is more important than ever for advancing service delivery.

This past year, we've shifted our collaboration to a higher gear with our partners at Canada's four major airports, starting with Toronto Pearson International Airport.

We are working with the Greater Toronto Airport Authority to prepare for increased air traffic as they move forward with their multi-year plan to become a mega-hub for air traffic.

By aligning our technology development with their collaborative decision-making initiatives, we can work together to increase aircraft throughput while respecting the social license granted to both of us to manage traffic responsibly given the impact on surrounding communities.

In November, NAV CANADA became the first ANSP in the world to implement a new ICAO standard – Established on RNP-AR (EoR) – at the Calgary International Airport, another collaborative effort with our industry partners.

The new separation standard safely enables simultaneous arrivals on parallel runways, improving traffic integration and increasing use of quieter continuous descent operations.

We estimate it will reduce GHG emissions by 2500 metric tonnes in the first year alone.

Technology

Complementing these initiatives, technology advances offer new opportunities to improve safety, capacity, predictability and environmental performance.

As Marc mentioned, there is no question that Aireon is the lead technology story and an industry game changer.

But our chapter in this story is how we are getting ready to be among the first to in the world to use this service.

Teams across the Company are involved in preparing NAV CANADA to use Aireon data for service delivery.

Most of the launched satellites are now fully integrated into the Iridium constellation and sending us flight data that is tested and validated using our systems.

Very soon, tracking aircraft in Edmonton's remote airspace will be possible, and customers will benefit from improved routings, more efficient flight levels and enhanced safety.

We have already seen the benefits of space-based ADS-B this past year. It was used to facilitate Search and Rescue efforts in two unfortunate collisions into terrain in Western Canada by providing the precise location information of the affected aircraft, far closer than the coordinates provided by existing technology.

To prepare for Aireon's service, significant updates have been made to our air traffic management systems.

One new system, Fusion, merges all available forms of surveillance data, including Aireon data, providing a more accurate aircraft position, and delivering it directly to the controller's display screen.

Also supporting Aireon service is satellite voice communications or SATVOICE, which acts as a backup system and safety tool for direct voice communications when introducing reduced separation standards in remote and oceanic airspace.

Closer to the ground, we've also launched a multi-year initiative to shift many of our internal business systems to cloud-based solutions.

This gives our employees the tools they need and improves the overall value of our IT investments.

Our track record for technology development also extends across our borders.

We sell many of our 'in-house' solutions to other air navigation service providers, some who are partners in ongoing development.

Most recently we were recognized by NATS of the UK as a Supplier of the Year for our work on the EXCDS London Terminal Control project in one of the busiest airspaces in the world.

Finance & Governance

We would not have achieved so much in our 22 years without sound financial strategies and governance practices.

They are essential for building a strong, stable and sustainable company and returning value to our customers.

As Marc stated earlier, running our business in a responsible cost-effective way has enabled us to implement in September an average 0.4 per cent reduction in customer service charges, our third rate decrease in as many years.

In fact, our customer service charges are, on average, three per cent lower than when they were first implemented in March 1999, and approximately 47 percentage points less than the change in the Consumer Price Index in that same timeframe.

You can find more details on the service charge reductions, and read our complete Financial Statements in our Annual Report.

We're also working to ensure the security of the company: keeping pace with cyber security threats, entrenching it in our culture; and implementing a new security notification system for all employees.

Brand

Beyond good financial management, companies must earn public trust by their actions - showing they are contributing to a better tomorrow and making our planet more sustainable.

NAV CANADA believes in being a good neighbour and a good corporate citizen, and in supporting our employees in their own community efforts. But like most Canadians, we tend to be modest about our accomplishments.

What you should know is that our employees are incredibly giving, supporting causes that impact community well-being, health, and the environment with their time and money.

Together employee and company charitable contributions have helped more than 300 registered charities or non-profit community associations in fiscal 2018.

Another way NAV CANADIANS demonstrate the size of their talent and their hearts is by organizing and participating in fundraising events - from the near legendary, rocking' NAVCAN Jam in Winnipeg, to charity golf tournaments in Gander, Montreal, Ottawa, Toronto and Vancouver that raise tens of thousands of dollars.

We were proud to be designated a Caring Company by Imagine Canada this year for our leadership in charitable giving, and the superb volunteer efforts of our employees.

You can learn more about how our actions support communities and the environment in our Corporate Social Responsibility Highlights available at the door or on our website.

Recognition

Each year, we recognize and celebrate NAV CANADA employees who personify our company values and go the extra mile to help achieve our company goals.

I was honoured to present the President's Awards for Outstanding Achievement to one individual and two teams last fall.

Anik Bertrand was recognized for her strong leadership and team building skills through a period of organizational transformation.

The Periodic Review Team, a group of 17 employees, was recognized for creating a new tracking method for responding to regulatory requirements, which reduced the time required to do updates from days to minutes.

And, a team of 53 employees was recognized for a remarkable response to the Williams Lake Wildfire in B.C. in the summer of 2017.

My congratulations once again to all of our winners for your outstanding accomplishments.

Looking ahead, there are a number of projects that will reach key milestones in fiscal 2019 and help us take safety, efficiency and sustainability to the next level – to meet those challenges and opportunities that lay before us.

Clearly, space-based ADS-B is one of them, but there are many more.

These range from our continued deployment of an integrated safety information system to a new integrated ATS working position and the continued publication of RNP arrivals that will improve efficiency and positively affect the environment.

These changes will bring real benefits but they will not be without impact, and we are sensitive to this.

It's why consultation is a priority - to help us to gain insight from employees, customers, stakeholders and the public, and to better understand the impact of the changes we are proposing.

Before we close our meeting, I would like to acknowledge some recent changes to the Company's senior management team.

Earlier this year, Charles Lapointe, Vice-President, Technical Operations, retired after a distinguished 35-year career at NAV CANADA.

Following a review of our Technical Operations and Engineering functions, the two have been brought together as one department to better align our services to deliver and maintain highly reliable technology, all under the leadership of Kim Troutman.

In Operations, Ben Girard has been appointed to the role of Vice-President, Operational Support and Trevor Johnson was appointed to the role of Vice-President, Air Traffic Service Delivery.

They will be focusing on delivering our strategic priorities for air traffic services.

I would like to convey my deep appreciation to the entire Executive Management Committee for your commitment as this company grows, and your attention to what matters to the business.

I would like to thank our Chair, Marc Courtois, and all of our Board members for their trust and support.

My thanks also goes to our customers, ANSP colleagues and all of our stakeholders.

And finally, but certainly not least, to each and every NAV CANADA employee...

Thank you for all you have done to help us build a solid foundation from which we will continue to keep our skies safe.

I look forward to working together with all of you, as we innovate for tomorrow.

Thank you all.