



**Notes for an Address**

**by**

**Neil Wilson**

**President and CEO**

**NAV CANADA**

**Annual General Meeting**

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Thank you Marc.

It is indeed a great pleasure to address this Annual General Meeting – my first as President and CEO of NAV CANADA.

To employees and bargaining agents, airlines and other customers, government officials, our colleagues from airport authorities and other sectors of the aviation industry, and members of the general public, a very warm welcome to you all.

I am honoured to have been chosen for this position. At the same time, I have more than a bit of trepidation at the scope of the responsibility that presents itself.

Yet in being aware of the challenges we face, I am also seized with the many strengths of this organization, and especially of its people.

My deep sense of what we have already achieved, and of what greater achievement lies ahead, is a powerful fuel that feeds my optimism for the future of this great company.

The Company's early promise has been confirmed many times since I joined in 2002, and I consider it a privilege to have been part of those formative years.

The people of NAV CANADA have always been central to our success and will certainly be at the forefront as we continue to excel in all that we pursue, particularly in safety, service, and efficiency.

Building on this we chose "Connections" as the theme of our 2015 Annual Report and this AGM, because in so many ways connections are at the heart of our industry, our company and the services we provide.

We all want to make our connecting flights when we travel, and our reasons for travelling are often to connect with family, friends, colleagues and the wider world.

NAV CANADA plays an important role in ensuring that all those connections are made safely and efficiently.

In a broader sense, making and sustaining connections are essential to fulfilling that role.

Our employees connect with colleagues to deliver services. They connect with customers and partners to ensure those services are safe and efficient.

And they connect to the worlds of technology and finance to manage our business and create the tools needed for a safe and effective air navigation system.

Connections have been at the heart of NAV CANADA from the very beginning, which brings me to the fundamental connection between our past, and our future.

During the Company's almost 20 years as owner-operator of Canada's air navigation system, what has come to be known as the NAV CANADA model has won the attention and respect of our peers around the world.

It was conceived by the visionary pioneers who first recognized the need for change in the ANS.

Foremost among those pioneers is our recently retired President and CEO, John Crichton.

John began to shape the model in the early 1990s by making connections; by bringing together employees, customers and government – all of the stakeholders in the ANS.

These connections provided the foundation for our private-sector, non-share capital corporation structure, with a board of directors representing the stakeholders.

That structure continues to support and to power NAV CANADA, and I am confident it will continue to serve us well as we head into the future.

Of course, the NAV CANADA model and all of our efforts have a primary purpose – the safety of air travel.

Through the efforts of our dedicated employees, we have maintained a consistently strong safety record that ranks us amongst the world's best Air Navigation Service Providers.

This achievement is linked directly to the safety focus of our people and their success in finding new ways to manage air traffic and use advanced technologies.

Connections are also essential to sharing safety information with customers and partner organizations – one of our most important safety practices.

All of our efforts – from safety to efficiency to technology development – depend on our people, which is why we are committed to creating a productive and fulfilling workplace.

We see the results of our efforts in the growing level of employee engagement.

Our last employee engagement survey placed the total of engaged employees at 55 per cent, and the combined total of engaged and somewhat engaged employees at 88 per cent.

While these results were encouraging, there is certainly room for continued improvement.

Our objective is to become widely regarded – both inside and outside the organization – as one of Canada’s Best Employers. This is a major priority for the next five years.

Our employees certainly demonstrate engagement as they exceed expectations in their efforts to deliver safe and efficient air navigation services.

With so much depending on our employees, I am pleased that we have such strong and productive relations with the eight bargaining units, representing 87 per cent of our workforce.

Collective bargaining can be challenging, but we have worked together effectively to renew all of our collective agreements.

This includes a one-year extension of the collective agreement with the Canadian Air Traffic Control Association.

We also reached similar agreements with the Air Traffic Specialists Association, and Unifor Local 1016, as well as tentative agreements with the Public Service Alliance of Canada, and the Association of Canadian Financial Officers.

Together with the unions – through the collective bargaining process – we provide our employees excellent compensation and benefits.

But our mutual concern for our employees extends far beyond the bargaining table.

Five years ago, we built on our tradition of peer-to-peer connections when we launched Healthy Minds – our mental health initiative.

Then, in 2012, NAV CANADA became one of the first private-sector companies in Canada to implement a mental health peer support program.

Called Light the Way, this program seeks to create compassionate and caring workplaces, where we can all talk openly about this issue, without fear of stigma.

The Canadian Mental Health Association recognized this program last February with its prestigious C.M. Hincks Award.

Light the Way was also recognized at our National Awards Night, when the team that created the program received a President's Award for Outstanding Achievement.

Other President's Awards that night went to the Mandatory Briefing Application team, as well as to two individual winners – Nancy

Fletcher, Corporate Controller, Head Office, and Maureen Stevens, Flight Service Specialist, Îles-de-la-Madeleine.

Just a few weeks after our own Awards Night, we were again proud to see so many deserving NAV CANADA people recognized in the 2015 Awards program of the Air Traffic Control Association in Washington, D.C.

The winners included Sid Koslow, Anne Breen, Maureen Stevens, DJ Moon, and François Bisailon.

ATCA also recognized the Light the Way program with its Chairman's Citation of Merit.

I would ask all of the President's and ATCA award winners – those who are here today – to stand up now and be recognized.

Strong connections can also be seen in our employees' impressive commitment to their communities.

Recognizing this commitment, the Company increased its financial support for charitable campaigns in 2015.

This funding goes to local charities chosen by employees.

I am deeply impressed by our employees' connection to their communities, as demonstrated by the involvement and generosity in charitable giving.

Our people have embraced causes such as the Janeway Children's Hospital Foundation in St. John's; the United Way in Moncton; the Old Brewery Mission in Montreal; KidSport in Winnipeg; Shock Trauma Air Rescue in Edmonton; and the B.C. Cancer Foundation in Vancouver.

Here in the National Capital Region, employees continue their strong support for cancer research at the Ottawa Hospital, and for the new MRI machine at the Children's Hospital of Eastern Ontario.

In the past year, for both hospitals, our employees raised just over \$500,000.

Also in 2015, employees in our Toronto, Montreal and Vancouver Flight Information Regions actively supported Hope Air, the charity

that provides free flights for Canadians who need financial assistance to travel for vital medical care.

Employees in these regions raised a grand total of \$220,000 for this deserving charity – Hope Air’s largest source of workplace fundraising.

Employees also build and sustain strong links with customers, and the people of Service Delivery have taken the lead in this regard.

In fiscal 2015, we asked our top 16 customers to assess the Company’s performance related to safety, service charges, efficiency, cost effectiveness and the environment.

The average score for overall satisfaction was 8.7 out of 10.

While this was a good score, we know that we can do even better, and we will look for ways to improve service delivery in a number of areas.

In one example of where we are making excellent progress, we were proud to be named a co-recipient, of the 2015 IHS Jane’s ATC Award

in the Service Provision category, along with our colleagues in NATS, of the UK.

The award recognized our joint implementation of the latest version of the Gander Automated Air Traffic System, known as GAATS – the world’s most advanced oceanic air traffic system.

This award demonstrates the already strong connections between NAV CANADA and NATS, with oceanic air traffic control providing the foundation for broadening our collaboration.

Maintaining effective customer relations requires a great deal of productive dialogue.

This is the main focus of our regional Area Operations Consultation Meetings, and we are pleased to see growing customer participation in these sessions.

We also work with our aviation partners to improve runway safety through forums such as the Runway Safety and Incursion Prevention Panel, which met three times last year.

The need to foster productive connections among people, technology and systems was the driving force behind a series of other improvements we made last year.

For example, in order for our Flight Inspection team to make faster and more efficient flight connections we established a base for aircraft and crew at Kelowna, B.C.

One CRJ200, four line pilots, one management pilot, and four technical flight inspectors are now based in Kelowna eliminating travel time, reducing response time and increasing crew and aircraft availability.

While this was occurring, across the country, our Construction Services team was breaking ground for a new control tower at the Region of Waterloo International Airport and also refurbishing our major towers in Toronto and Vancouver.

Every day NAV CANADA connects with our airline customers – not only through our air traffic services – but also in the provision of new procedures and technology to help reduce the environmental footprint of the aviation industry.

We do this through a wide variety of collaborative initiatives that have helped reduce aircraft fuel burn and greenhouse gas emissions.

It is estimated that these initiatives have saved more than 500 million litres of fuel in fiscal 2014, with a corresponding reduction in emissions of more than 1.3 million metric tons.

Of course, beyond this success in reducing emissions, we recognize that the environmental footprint of the aviation industry includes the impact of operations and flight paths on local communities.

So in considering these initiatives, the Company will be consulting with communities in accordance with the new Airspace Change Communications and Consultation Protocol.

This protocol was drafted by NAV CANADA in conjunction with the Canadian Airports Council and approved by the Minister of Transport in June 2015.

This is a voluntary protocol, involving new commitments for collaboration with airports.

It is a more comprehensive approach to public and stakeholder outreach associated with airspace changes that have a material impact on community noise levels.

As we look to our technology future, maintaining connections via communications will always be essential to aviation and we are taking the lead in expanding those connections.

Today, more than 70 percent of the world's airspace is beyond the range of radar-based air traffic surveillance.

That will change in 2018, when we go live with the satellite-based surveillance system to be provided through our Aireon joint venture.

As a result, all of the world's airspace will have access to active surveillance through space-based Automatic Dependent Surveillance-Broadcast, or ADS-B.

Together with our Aireon partners – Iridium, ENAV, the Irish Aviation Authority and Naviar – we applaud the decision of the International Telecommunications Union to adopt a primary

allocation of the 1090 MHz frequency band for the reception by satellite of ADS-B signals.

The ITU decision expands the protection of that frequency, which already existed for aircraft to ground-based communications.

We are also grateful to our colleagues at Innovation, Science and Economic Development Canada, and Transport Canada, for their tireless efforts which led to this important decision.

In the latest Aireon news, this past December, we were very pleased that ATNS – our counterpart in South Africa – signed a data services agreement with Aireon that will result in 100 per cent air traffic surveillance of the Johannesburg and Capetown FIRs which cover almost 10 per cent of the world's airspace.

ATNS joins the current Aireon launch customers, NAV CANADA, ENAV, the IAA, Naviair, NATS, and Curaçao's DC-ANSP.

Closer to earth, where weather is always a factor in aviation safety, we completed our four-year Weather Systems Upgrade Program last June.

The installation of the final 20 Human Weather Observation System, or HWOS, sites brought the number of new HWOS sites to 183.

The program also deployed Automated Weather Observation Systems, or AWOS at 73 sites, bringing the total number of AWOS sites to 92.

In addition, new Digital Aviation Weather Cameras are now installed at 160 sites.

Elsewhere in the system, the Montreal Flight Information Region reached a major milestone during 2015.

It became the first FIR in the country to make the transition to a completely paperless operation.

Finally, our Canadian Automated Air Traffic System, CAATS, was enhanced to support an automated interface between our Vancouver ACC and Oakland Oceanic in California.

CAATS was also enhanced to support Automatic Dependent Surveillance - Contract, or ADS-C, functionality.

Internationally, we are also working to connect other Air Navigation Service Providers with our technology solutions.

Through our NAVCANatm division, we signed a consortium contract with ENAV – Italy’s Air Navigation Service Provider – and Techno Sky to provide technology based on our Integrated Tower Automation Suite to six towers in Italy.

The first tower is scheduled to go on line at Malpensa, in Milan.

NAVCANatm technology will also be expanded to four more Australian towers, in Gold Coast, Cairns, Perth and Brisbane.

On the home front, NAV CANADA will continue to maintain the passenger security systems used at Canada’s airports.

The Canadian Air Transport Security Authority, CATSA, has renewed our contract for five years, ensuring our Electronics Technologists will continue to help support aviation security.

Looking at the financial picture, NAV CANADA again had a strong year, as revenues continued to reflect healthy growth in air traffic.

With higher revenues and sound cost discipline, we saw the notional balance in our rate stabilization account reach its target balance of \$98 million at year's end.

For the last 11 years, NAV CANADA has delivered rate stability – with no general increase in our service charges during that time – which included the worst economic downturn since the Great Depression.

This is an achievement of which we are rightly proud – and all the while we have continued to make substantial contributions to our pension plan.

Turning to that subject, NAV CANADA Pension Plan assets continued to grow in fiscal 2015, although more slowly than the previous year due to low interest rates and market volatility.

The Company's pension obligations, however, remain a concern, particularly our statutory solvency deficiency, which was \$556 million as of January 1, 2015.

During the last round of collective bargaining, we introduced changes for certain bargaining units, which will support the long-term sustainability of the pension plan.

We continue to work with our bargaining agents and the Office of the Superintendent of Financial Institutions on an appropriate manner to ensure pension plan sustainability.

While not all parties are in agreement as to the approach, discussions are ongoing and we are determined to settle on an approach that is appropriate to the NAV CANADA plan and consistent with pension regulations.

I would like to take a moment now to thank the members of our Executive Management Committee for their work this year, and to touch upon some changes to the executive team, which I am announcing today.

These changes will help us to maintain our global leadership in safety and service, to continue to build a culture based on our core values of respect, excellence and customer service – a culture in which each, and all, are recognized for their contribution to the Company's success.

First, Larry Lachance, Vice President, Operations, has been appointed to the position of Vice President, Safety and Quality, replacing John David who will retire February 1, 2016.

I am thrilled with this appointment, given Larry's experience and expertise, and the trust he has earned over many years with employees, customers and stakeholders.

At the same time, I wish to thank John David for his service and contributions to NAV CANADA – especially for his leadership in safety.

I am also pleased to announce that Rob Thurgur, Assistant Vice President, Operational Support, is appointed to the position of Vice President, Operations.

Rob has extensive experience in the Canadian Air Navigation System, recently working on important operational issues related to the success of the revolutionary Aireon project.

He is a proven leader with a global outlook, who understands the importance of people and technology in our drive to continue leading the world in the provision of safe and efficient ANS services.

Reflecting the importance of our people, two other key appointments are being made in order to consolidate and further strengthen the NAV CANADA senior team in Human Resources.

They include the appointment of Raymond Bohn, Vice President, Revenue and Pension Administration, to the new position of Senior Vice President, Human Resources, and the appointment of Elizabeth Cameron, Assistant Vice President, Labour and Employee Relations, to Vice President, Labour Relations.

Both Ray and Elizabeth know how to build and sustain constructive relationships, while solving complex business problems.

Their leadership will be invaluable as we seek to continuously improve the delivery of our people programs – while building on our lengthy track record of exemplary labour and employee relations.

At this point, I would also like to acknowledge the leadership of Richard Dixon, former Vice President, Human Resources, who retired from the Company effective December 31, 2015.

I want to thank Richard for all he did during his tenure with NAV CANADA – especially for the example he set in his continued and effective focus on people.

Finally, I would like to note the appointment of Donna Mathieu, formerly Assistant Vice President, Pension Investments, to Vice President, Pension Investments, effective January 11, 2016, replacing Paul Fahey, who has retired.

Over the past five years, the NAV CANADA Pension Plan has achieved excellent financial returns, and the investment risk of the Pension Plan's portfolio has been reduced.

I would like to thank Paul for his effective leadership in achieving these results, and I look forward to Donna and her team continuing to build on the progress made.

To those who are retiring – thank you. You are leaving us in a better place than when you joined.

To those taking on new responsibilities, I am excited to be moving into the future with you.

In closing, I'd like to again thank the Board of Directors for their confidence in selecting me as your President and CEO.

I want to assure you that I intend to maintain the Company's strong focus on connections – with employees – with bargaining agents – with all our customers, as well as airport authorities, Transport Canada, and other key stakeholders in Canada – and our partners around the world.

NAV CANADA's greatest achievement to date has been to show the world what our people can do.

Now it's time to build on those achievements and take NAV CANADA forward into the future – a future of space-based air navigation services, of greater international cooperation, of even better customer service, of constructive relationships with communities and other stakeholders – all from an organization that takes its place as one of Canada's top employers.

I know that as we set our course – we will continue to set the standard – with world-leading technology and, of course, the best people on the planet!

I look forward to the challenges ahead and to working together with  
all of you.

Thank you – merci beaucoup.