

September 22, 2020

Subject: Workforce adjustments / initiation of aeronautical studies

Dear Stakeholder:

As you know firsthand, the aviation sector is facing unparalleled economic and operating challenges due to the COVID-19 pandemic.

NAV CANADA took action early in the pandemic to access available government support, and to significantly reduce operating costs and capital spending while continuing to ensure that essential air navigation services remained available to support our customers and their critical operations.

While we had to make the difficult decision to increase service charges for our fiscal year 2021 after exhausting all available options, we have also attempted to minimize the impact of a rate change by using our debt capacity and our liquidity to support our customers by deferring the payment of the increase, interest free over a five year period beginning September 1, 2021.

However, as you know, the current downturn is forecasted to be much larger and longer than any downturn in the history of our industry. Many of our valued customers and industry partners have had to make difficult decisions to adjust services and reduce staffing in recent months.

NAV CANADA is not immune to the economic downturn and severe financial impacts the aviation industry is experiencing. We are also acutely aware that the financial pressures facing the aviation sector cannot be addressed by shifting costs between the various players in the system.

Workforce Adjustments

We remain committed to doing everything we can to minimize the financial impacts for our customers while fulfilling our core safety and service mandate. At this time, we are proceeding with further restructuring of the organization, workforce adjustments and implementation of additional cost-saving measures.

This includes reductions in the number of permanent positions, changes to management compensation and parts of our pension plan, releasing most of our operational students and undertaking some Flight Information Centre closures.

Despite these necessary measures, NAV CANADA remains unwavering in its commitment to safety; any changes to our organization and how it delivers its services are first and foremost evaluated in this context.

Assessment of Level of Service

NAV CANADA, as part of its mandate, regularly assesses the services we provide across the country to ensure the right level of service is in place to meet the needs of our customers. As part of this process, aeronautical studies are a key and ongoing mechanism that are applied to ensure that our service delivery is safe and efficient. While we might not have advanced aeronautical studies as rapidly in the past, we recognize that we must do so, given the current pressures on the aviation industry.

In this context, NAV CANADA will be initiating a number of Aeronautical Studies in the near future. The full list of locations that will be subject to aeronautical studies is available in the Appendix.

While the ongoing pandemic provides further stimulus to ensure that levels of service are appropriate in the near term, the studies being initiated reflect traffic and operational trends that were evident prior to the pandemic and are not in any way solely a reflection of the current reduced traffic environment.

NAV CANADA is committed to the application of the Company's regulated, safety-focused aeronautical study process, which includes robust stakeholder consultation, prior to making a recommendation for any material change to the level of service at any location and seeking Transport Canada concurrence.

Additional information on these aeronautical studies and related consultation process will be made available in coming weeks as we post the Terms of Reference associated with each study.

When making these decisions, we always take a long-term view to preserve the sustainability of the Company, and to preserve the integrity of the ANS. Rest assured, NAV CANADA will be here to support your operations through the delivery of safe, efficient and cost-effective air navigation services as the industry stabilizes and begins to set its sights on recovery.

We thank you for your understanding and support as we weather this challenging period for the aviation industry together. Should you have any questions or require further information on the measures that NAV CANADA is taking, please feel free to reach out to Heather McGonigal, Assistant Vice President, Stakeholder Relations and Communications (heather.mcgonigal@navcanada.ca).

Sincerely,



Neil R. Wilson
President and Chief Executive Officer
NAV CANADA

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Attachment

APPENDIX A – List of Sites Subject to an Aeronautical Study

Air Traffic Services Facility Closures under Consideration

- High Level FSS
- Churchill FSS
- Peace River FSS
- Lloydminster FSS
- Castlegar FSS
- St-Jean Tower

Overnight Flight Service Station (FSS) Closures under Consideration

- Fort Nelson FSS
- Brandon FSS
- Prince Albert FSS
- Fort St John FSS
- Inuvik FSS
- Norman Wells FSS
- Sept Iles FSS
- Port Hardy FSS
- Red Deer FSS (initiated early September)

Elimination/Reduction of Hours – Remote Aerodrome Advisory Services (RAAS) under Consideration

- Dawson Creek RAAS
- Fort McMurray RAAS
- Flin Flon RAAS
- Dauphin RAAS
- The Pas RAAS
- Buffalo Narrows RAAS
- Kuujjuarapik RAAS
- Blanc Sablon RAAS
- Natashquan RAAS
- Sydney RAAS