

July 24, 2020

Paul McDonald
Director Finance, Rates and Systems
NAV CANADA
P.O. Box 3411, Station "T"
Ottawa, Ontario K1P 5L6

Dear Paul,

On behalf of the CBAA and its members we are pleased to provide a written response to the Notice of Revised Changes dated May 20, 2020. Please see below for our comments and suggestions:

- 1. Avoiding the proposed increase:** As the voice of Canada's business aviation sector, CBAA continues to educate government on the need for financial relief for our industry. We ask that you continue all efforts to ensure that Transport Canada works with other federal departments to find a solution to the covenant shortfall of \$242M.
 - a. Request an update:** At the time your document was drafted, the Large Employer Emergency Financing Facility (LEEFF) program details were not fully developed. How has LEEFF, or any other program announced by the government, impacted the covenant shortfall? Is there any additional remedy to offset the covenant?
 - b. Cost efficiency and reduction efforts:** The CBAA urges Nav Canada to make cost reductions and efficiencies a priority. The industry is undertaking these very same efforts and it is prudent for Nav Canada to pursue this effort for long term sustainability.

- 2. Covenant shortfall ceiling:** The covenant shortfall has been identified at \$242M
 - a.** We request clarity that the ceiling for the covenant shortfall not exceed \$242M
 - b.** We request periodic updates on the efforts made by either government or Nav Canada that reduce the covenant shortfall amount.
 - i.** These reduction efforts should then reset the shortfall ceiling and associated charge period.

- 3. Payment schedule changes:** As proposed, Nav Canada is seeking recovery of 20 percent of the account payable for each of the next five years. Due to the impacts of COVID-19 along with the fragility of the air travel industry, the CBAA is requesting an alternate repayment program for the identified covenant shortfall:
 - Year 1:** 10 percent
 - Year 2:** 15 percent
 - Year 3:** 20 percent
 - Year 4:** 25 percent
 - Year 5:** 30 percent

On behalf of our members, thank you in advance for the opportunity to share the concerns of business aviation.

Sincerely,



Anthony Norejko
President and CEO
Canadian Business Aviation Association

cc. Sandy Struthers
Executive Vice President, Finance and CFO
NAV CANADA
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