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## DETAILS AND PRINCIPLES REGARDING PROPOSED REVISED SERVICE CHARGES

SEPTEMBER 2023

### GENERAL

This document (Details and Principles) ("**Document**") provides additional details to expand upon the *Notice of Revised Service Charges* ("**Notice**") dated September 2023 (the Notice). Under Section 36 of the *Civil Air Navigation Services Commercialization Act*, S.C. 1996, c. 20 (the "**ANS Act**"), NAV CANADA is required to produce a document containing more details in relation to the proposed revised charges set forth in the Notice, including a justification in relation to the charging principles set out in Section 35 of the ANS Act.

Except for the revisions proposed in the Notice, all the existing charges and related terms and conditions, as set out in earlier announcements pertaining to charges, remain in effect.

This Document sets out the following: (1) general overview of NAV CANADA, (2) traffic outlook, (3) amounts to recover, (4) customer service charge rate analysis, (5) justification of the proposal in relation to the charging principles, and (6) information regarding the Notice and on making representations to NAV CANADA.

**Persons interested in making representations in writing to NAV CANADA about the proposals set out in the Notice may do so by forwarding their submissions to the address set out in the Notice. Submissions must be received by NAV CANADA no later than November 26, 2023.**

## 1. GENERAL OVERVIEW OF NAV CANADA

NAV CANADA is a non-share capital, private sector corporation which is responsible for the provision of civil air navigation facilities and services for aircraft in Canadian airspace or any other airspace for which Canada is responsible for providing air navigation services.

The system of governance at NAV CANADA is the result of a unique corporate structure intended to make NAV CANADA a self-sustaining commercial enterprise. NAV CANADA is governed by a 15-member Board of Directors (the “**Board**”) consisting of ten (10) directors elected by stakeholders representing aviation users, bargaining agents and the federal government, four (4) independent directors and the President & CEO. The Board oversees the governance of NAV CANADA including operational, technology, investment, financial and strategic decisions. NAV CANADA also has an Advisory Committee elected by associates, empowered to analyze and make reports and recommendations to the Board on any matter affecting the air navigation system.

The fundamental elements governing the mandate conferred on NAV CANADA by the *ANS Act* include the exclusive right to provide certain air navigation services, the exclusive ability to set and collect charges for air navigation services provided or made available by NAV CANADA or a person acting under the authority of the Minister of National Defence, and the obligation of NAV CANADA to provide these services.

When establishing a new charge for air navigation services or revising an existing charge, NAV CANADA must follow the charging principles set out in the *ANS Act*. These principles prescribe that, among other things, charges must not be set at a level that, based on reasonable and prudent projections, would generate revenues exceeding NAV CANADA’s current and future financial requirements in relation to the provision of civil air navigation services. Pursuant to the charging principles, the Board approves the amount and timing of changes to customer service charges. The Board also approves NAV CANADA’s annual budget where the amounts to be recovered through customer service charges for the ensuing year are determined. NAV CANADA plans its operations to result in an annual financial breakeven position after recording adjustments to the Rate Stabilization Account (the “RSA”).

The Company’s Financial Statements and Management’s Discussion and Analysis, issued quarterly and annually, and the Annual Information Form provide extensive information on the revenues and expenses of NAV CANADA. These documents are available electronically at [www.navcanada.ca](http://www.navcanada.ca).

## 2. TRAFFIC REVENUE OUTLOOK

During the pandemic the methodology used to forecast air traffic revenue was modified to consider pandemic specific critical uncertainties including epidemiological outcomes, travel restrictions and government policies. Pandemic specific critical uncertainties are no longer the primary drivers of air traffic revenue enabling the return to traditional forecasting approaches used prior to the pandemic.

In developing the outlook for air traffic revenue, the primary sources of information

considered are a time series analysis of historical Weighted Charging Units (WCUs), forecasts of macro-economic indicators, and available passenger and/or aircraft movement forecasts, such as from IATA, FAA and EUROCONTROL, industry research and analysis from multiple sources including Oxford Economics, Skift Research, Airline Weekly and CAPA - Centre for Aviation ("CAPA") near term airline schedules as reported in the Official Airline Guide. NAV CANADA's fiscal year runs from September 1 to August 31. The forecast for NAV CANADA's fiscal 2023 reflects actual traffic results up to July 2023 and a forecast for the month of August.

The following table presents NAV CANADA's traffic growth assumptions as measured in Weighted Charging Units (WCUs). Overall, the year-over-year traffic growth forecast in Total WCUs for fiscal 2024 compared to fiscal 2023 is 7.29 percent.

<b>Charge</b>	<b>Increase</b>
Overflight	5.81%
Terminal	7.25%
Enroute	9.92%
NAT	4.96%
Int'l Com	4.57%
Daily	13.43%
<b>Total WCUs</b>	<b>7.29%</b>

### 3. AMOUNTS TO RECOVER

The amounts that NAV CANADA will recover under the fee proposal fall into two categories:

- Costs for fiscal year 2024.
- A portion of the accumulated RSA shortfall.

#### 3.1 Costs for Fiscal Year 2024

NAV CANADA's projected costs for fiscal year 2024 are \$1,669.7 million, net of \$23.6 million from non-aeronautical revenues (technology sales and other sources). These costs have been used to calculate Base Rate Revisions. The following table sets out the specifics of amounts to recover, based on the fiscal 2024 budget.

2024 Budget in \$ Millions	
Operating Expenses	
Salaries, Benefits and Allowances	\$1,170.0
Other Operating Expenses	344.4
Depreciation and Amortization	146.6
Total Operating Expenses	\$1,661.0
Other Expenses	89.2
Regulatory Deferrals Excluding RSA	(56.9)
Total Other Expenses and Regulatory	32.3
Total Expenses	\$1,693.3
Other Revenues	(23.6)
2024 Customer Service Charge Required to Recover 2024 Net Expenses	\$1,669.7

The amount to be recovered by each service is determined by the allocation of costs to each service, i.e., Terminal, Enroute, North Atlantic Enroute (NAT) and Int'l Com services. NAV CANADA's cost allocation methodology was developed in 1997, and an allocation exercise occurs annually. NAV CANADA has employed the same cost allocation methodology used in prior years to the fiscal 2024 requirements.

The fiscal year 2024 budget cost allocation percentages are used as the principal basis for estimating the allocation of costs to services for fiscal year 2024. This allocation is provided in the following table which shows the amounts to be recovered for each service through air navigation service charges.

**Fiscal Year 2024 Costs**  
**To recover from ANS Charges**

	Terminal	Enroute	NAT	Int'l Com	Total
Costs by Service	\$750.4M	\$820.3M	\$86.8M	\$12.2M	\$1,669.7M

### **3.2 Recovery of Accumulated RSA Shortfall at August 31, 2023**

Customer service charges are set based on NAV CANADA's financial requirements, which take into account estimated air traffic volumes, planned expenditures and the RSA balance. Since actual revenue and expenses will differ from these estimates, methods to accumulate the variances are required so that they may be taken into account when setting future customer service charges. There is also a need to absorb the immediate effect of unpredictable factors – mainly fluctuations in air traffic volumes resulting from unforeseen events. NAV CANADA meets these objectives through a “rate stabilization” mechanism. If actual revenue exceeds actual expenses, the excess is

reflected as a credit to the RSA and is returnable to customers through future customer service charges. Similarly, if actual revenue is less than actual expenses, the revenue shortfall is reflected as a debit to the RSA and is recoverable from customers through future customer service charges. At August 31, 2023, the estimated accumulated RSA shortfall is \$346.5 million.

As the accumulated RSA shortfall is material and the impact of the pandemic on the individual service charge categories has been uneven, NAV CANADA attributed the RSA shortfall to specific service charge categories in a retroactive manner by tracking the historical operating surpluses and shortfalls (i.e., RSA contributions and draws) by service since the beginning of fiscal 2020.

**Total Shortfall/RSA Amounts by Service to Recover**

	Terminal	Enroute	NAT	Int'l Com	Total
Total	\$283.8M	\$49.1M	\$8.3M	\$5.3M	\$346.5M

The increased stability in air traffic over the past few months supported NAV CANADA's decision to move forward with a rate revision during its Fiscal 2024 year. Consistent with customer service charge revisions in the past, the proposed Base Rate Revision is determined based on NAV CANADA's annual budget for the year ending August 31, 2024. NAV CANADA is taking a balanced approach to the recovery of the RSA shortfall. The proposed overall RSA shortfall recovery in Fiscal 2024 is \$102.3 million, 30% of the accumulated RSA shortfall, which represents the budgeted recovery from September 1 to December 31<sup>st</sup> (prior to implementation of the Temporary Rate Adjustment) plus the planned recovery from the Temporary Rate Adjustment as outlined below. The rate of recovery in Fiscal 2024 considered the extent of critical uncertainties that remain with regards to air traffic growth as outlined in the Notice. The remaining RSA shortfall will be recovered over the next four years. The proposed recovery of the RSA shortfall by service in Fiscal 2024, as a result of the implementation of the Temporary Rate Adjustment as of January 1, 2024, is presented in the following table.

**Shortfall/RSA Amounts by Service to Recover by Rate Adjustment**  
**Fiscal Year 2024**

Fiscal Year 2024 (January 1 to August 31, 2024)	\$56.8M	\$9.8M	\$1.7M	\$1.0M	\$69.3M
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#### 4. CUSTOMER SERVICE CHARGE RATE ANALYSIS

Pursuant to the *ANS Act*, service charges are set at a level that, based on reasonable and prudent projections, would generate sufficient revenues to meet NAV CANADA's current and future financial requirements, i.e., to recover its expenses net of other

revenues determined in accordance with International Financial Reporting Standards and the costs of complying with certain financial requirements, as described in detail in Subsection 35(5) of the *ANS Act*, and to maintain a contingency reserve for unforeseen events.

As indicated in Section 3 above, NAV CANADA will set charges as of January 1, 2024 based on the following amounts:

- Fiscal year 2024 costs of \$1,669.7 million (total costs of \$1,693.3 million less \$23.6 million from non-aeronautical revenues) and average WCU growth of 7.29%.
- \$69.3 million towards the estimated accumulated RSA shortfall at August 31, 2023 of 346.5 million.

Information on the calculation of the changes in rates per service follows.

#### 4.1. Calculation of Fiscal Year 2024 Base Rates

Section 2 of this Document sets out information on the traffic forecast and Section 3.1 presents the Fiscal 2024 costs to be recovered from air navigation service charges for each service.

To determine the Base Rate Revisions, by service, the forecast WCUs and costs by service are compared. The amount to be recovered by each service is determined by the allocation of costs to services, i.e., Terminal, Enroute, NAT and Int'l Com services. NAV CANADA's cost allocation methodology was developed in 1997, and an allocation exercise occurs every year. NAV CANADA has employed the same cost allocation methodology used in prior years to the fiscal 2024 requirements.

The following table shows the calculation of the percentage change in rates, by service.

#### Calculation of Fiscal Year 2024 Base Rates

Fiscal		Terminal	Enroute	NAT	Int'l Comm.	Total
2024	Costs to Recover	\$ 750,363,180	\$ 820,323,610	\$ 86,824,400	\$ 12,188,810	\$ 1,669,700,000
	Cost Allocation -->	44.94%	49.13%	5.20%	0.73%	100.00%
2024	Total Revenue at Existing Base Rates	\$ 788,964,434	\$ 927,545,925	\$ 110,770,648	\$ 14,205,986	\$ 1,841,486,993
	Shortfall (Surplus)	\$ (38,601,254)	\$ (107,222,315)	\$ (23,946,248)	\$ (2,017,176)	\$ (171,786,993)
<b>Jan 01, 2024 Base Rate Change Required</b>		-4.89%	-11.56%	-21.62%	-14.20%	-9.33%
	<b>Flat Fees</b>	-5.96%				

4.2. Calculation of Additional Temporary Rate Adjustments for Recovery of the RSA Shortfall

Section 3.2 presented the amounts to be recovered for each service in Fiscal 2024 as a contribution towards the recovery of the total estimated accumulated RSA shortfall at August 31, 2023.

Similar to the methodology used in calculating base rates, flat fee revenues must also be taken into account when calculating the Temporary Rate Adjustment. The following table shows the calculation of the additional Temporary Rate Adjustment as set out in the Notice.

**Calculation of Fiscal Year 2024 Additional Temporary Rate Adjustments to Recover RSA Shortfall**

Fiscal		Terminal	Enroute	NAT	Int'l Comm.	Total
2024	Costs to Recover	\$ 750,363,180	\$ 820,323,610	\$ 86,824,400	\$ 12,188,810	\$ 1,669,700,000
	Cost Allocation -->	44.94%	49.13%	5.20%	0.73%	100.00%
	Accumulated RSA Shortfall to Recover	\$ 56,754,895	\$ 9,821,435	\$ 1,663,445	\$ 1,059,641	\$ 69,299,416.12
	Total Costs to Recover	\$ 807,118,075	\$ 830,145,045	\$ 88,487,845	\$ 13,248,451	\$ 1,738,999,416
2024	Total Revenue at Existing Base Rates	\$ 788,964,434	\$ 927,545,925	\$ 110,770,648	\$ 14,205,986	\$ 1,841,486,993
	Shortfall (Surplus) Including RSA Recovery	\$ 18,153,641	\$ (97,400,880)	\$ (22,282,803)	\$ (957,535)	\$ (102,487,577)
<b>Jan 01, 2024 Base Rate Change Required</b>		-4.89%	-11.56%	-21.62%	-14.20%	-9.33%
	Flat Fees	<input type="text" value="-5.96%"/>				
<b>Jan 01, 2024 Temporary Rate Adjustment to Recover RSA Shortfall</b>		7.19%	1.06%	1.50%	7.46%	3.76%
	Flat Fees	<input type="text" value="6.21%"/>				
<b>Jan 01 2024 Net Rate Impact</b>		2.30%	-10.50%	-20.12%	-6.74%	-5.57%
	Flat Fees	<input type="text" value="0.25%"/>				

## Comparison of Current Rates to Proposed Revised Rates

The following tables set out the current rates along with the proposed revised rates.

### **Movement-Based Charges**

Charge	Base Rates Prior to January 1, 2024	Proposed Base Rates Effective January 1, 2024	Proposed Temporary Rate Adjustment to Recover RSA Shortfall Effective January 1, 2024*
Terminal Charge	\$ 31.86	\$ 30.30	\$ 2.29
Enroute Charge (including Overflight)	\$ 0.03802	\$ 0.03362	\$ 0.00040
NAT	\$ 230.22	\$ 180.45	\$ 3.45
International Communications			
Data Link	\$ 28.19	\$ 24.19	\$ 2.10
Voice	\$ 74.93	\$ 64.29	\$ 5.59

\* Temporary Rate Adjustments to Recover the RSA Shortfall will continue until the cumulative RSA shortfall is fully recovered.

### **Daily Charges**

Category and Weight Group* (in Metric Tonnes)	Base Rates Prior to January 1, 2024	Proposed Base Rates Effective January 1, 2024	Proposed Temporary Rate Adjustment to Recover RSA Shortfall Effective January 1, 2024**
<b>Propeller Aircraft</b>			
Over 3.0 to 5.0	\$ 54.19	\$ 50.96	\$ 3.37
Over 5.0 to 6.2	\$ 108.40	\$ 101.94	\$ 6.73
Over 6.2 to 8.6	\$ 429.72	\$ 404.11	\$ 26.69
Over 8.6 to 12.3	\$ 997.52	\$ 938.07	\$ 61.95
Over 12.3 to 15.0	\$ 1,486.59	\$ 1,397.99	\$ 92.32
Over 15.0 to 18.0	\$ 1,785.97	\$ 1,679.53	\$ 110.91
Over 18.0 to 21.4	\$ 2,407.98	\$ 2,264.46	\$ 149.54
Over 21.4	\$ 3,124.17	\$ 2,937.97	\$ 194.01
<b>Maximum Helicopters</b>	\$ 108.40	\$ 101.94	\$ 6.73
<b>Small Jet Aircraft</b>			
Up to 3.0	\$ 205.19	\$ 192.96	\$ 12.74
Over 3.0 to 6.2	\$ 264.55	\$ 248.78	\$ 16.43
Over 6.2 to 7.5	\$ 429.72	\$ 404.11	\$ 26.69

\* Maximum permissible take-off weight.

\*\* Temporary Rate Adjustments to Recover the RSA Shortfall will continue until the cumulative RSA shortfall is fully recovered.



**Annual Charges\***

Weight Group** (in metric tonnes)	Base Rates Prior to March 1, 2024	Proposed Base Rates Effective March 1, 2024	Proposed Temporary Rate Adjustment to Recover RSA Shortfall Effective March 1, 2024****
0.617 up to 2.0	\$ 87.69	\$ 82.46	\$ 5.45
Over 2.0 up to 3.0***	\$ 292.88	\$ 275.42	\$ 18.19

\* For foreign-registered aircraft, the corresponding Quarterly Charge is equal to 25% of the Annual Charge.

\*\* Maximum permissible take-off weight.

\*\*\* The existing provision regarding private aircraft used exclusively for recreational purposes (regardless of aircraft weight) applies only to propeller aircraft. The existing provision for aircraft restricted to aerial agricultural spraying remains with the exception of the revised rates.

\*\*\*\* Temporary Rate Adjustments to Recover the RSA Shortfall will continue until the cumulative RSA shortfall is fully recovered.

**Daily Charge at Seven Specified International Airports**

Aircraft Category	Base Rates Prior to March 1, 2024	Proposed Base Rates Effective March 1, 2024	Proposed Temporary Rate Adjustment to Recover RSA Shortfall Effective March 1, 2024**
Daily Charge for Propeller Aircraft up to 3.0 Metric Tonnes*	\$ 12.91	\$ 12.14	\$ 0.80

\* Maximum permissible take-off weight.

\*\* Temporary Rate Adjustments to Recover the RSA Shortfall will continue until the cumulative RSA shortfall is fully recovered.

**Annual Minimum Charges\***

Aircraft Category	Base Rates Prior to March 1, 2024	Proposed Base Rates Effective March 1, 2024	Proposed Temporary Rate Adjustment to Recover RSA Shortfall Effective March 1, 2024***
Annual Minimum for Propeller Aircraft over 3.0 Metric Tonnes and Jet Aircraft **	\$ 292.88	\$ 275.42	\$ 18.19

- \* Applicable to aircraft not subject to the Annual Charge or the Quarterly Charge. For foreign-registered aircraft, the corresponding Quarterly Minimum Charge is equal to 25% of the Annual Minimum Charge.
- \*\* Except for aircraft restricted to Agricultural Spraying, for which the existing provisions remain with the exception of the revised rates.
- \*\*\* Temporary Rate Adjustments to Recover the RSA Shortfall will continue until the cumulative RSA shortfall is fully recovered.

The following table provides a summary of proposed rate revisions.

	Current Rates	Proposed Base Rates	Temporary Rate Adjustment to Recover RSA Shortfall*
<b>Movement Based Charges</b>	Prior to January 1, 2024	Effective January 1, 2024	Effective January 1, 2024
Terminal Charge	\$ 31.86	\$ 30.30	\$ 2.29
Enroute Charge (including Overflight)	\$ 0.03802	\$ 0.03362	\$ 0.00040
NAT	\$ 230.22	\$ 180.45	\$ 3.45
International Communications			
Data Link	\$ 28.19	\$ 24.19	\$ 2.10
Voice	\$ 74.93	\$ 64.29	\$ 5.59
<b>Aircraft Based Charges</b>	Prior to January 1, 2024	Effective January 1, 2024	Effective January 1, 2024
<u>Daily Charges</u>			
Weight Group (in Tonnes)			
Propellers			
Over 3.0 to 5.0	\$ 54.19	\$ 50.96	\$ 3.37
Over 5.0 to 6.2	\$ 108.40	\$ 101.94	\$ 6.73
Over 6.2 to 8.6	\$ 429.72	\$ 404.11	\$ 26.69
Over 8.6 to 12.3	\$ 997.52	\$ 938.07	\$ 61.95
Over 12.3 to 15.0	\$ 1,486.59	\$ 1,397.99	\$ 92.32
Over 15.0 to 18.0	\$ 1,785.97	\$ 1,679.53	\$ 110.91
Over 18.0 to 21.4	\$ 2,407.98	\$ 2,264.46	\$ 149.54
Over 21.4	\$ 3,124.17	\$ 2,937.97	\$ 194.01
Maximum for Helicopters	\$ 108.40	\$ 101.94	\$ 6.73
Jets			
Up to 3.0	\$ 205.19	\$ 192.96	\$ 12.74
Over 3.0 to 6.2	\$ 264.55	\$ 248.78	\$ 16.43
Over 6.2 to 7.5	\$ 429.72	\$ 404.11	\$ 26.69
	Prior to March 1, 2024	Effective March 1, 2024	Effective March 1, 2024
<u>Annual Minimum Charges</u>			
Propeller Aircraft over 3.0 Tonnes and Jet Aircraft	\$ 292.88	\$ 275.42	\$ 18.19
<u>General Aviation Charges:</u>			
Annual Charge			
Under 2.0	\$ 87.69	\$ 82.46	\$ 5.45
2.0 to 3.0	\$ 292.88	\$ 275.42	\$ 18.19
Quarterly Charge			
Under 2.0	\$ 21.92	\$ 20.61	\$ 1.36
2.0 to 3.0	\$ 73.22	\$ 68.86	\$ 4.55
Daily - Specified 7 Major Airports	\$ 12.91	\$ 12.14	\$ 0.80

\* Temporary Rate Adjustments to Recover the RSA Shortfall will continue until the cumulative RSA shortfall is fully recovered.

Note that the rates for the flat fees (Daily, Annual, Quarterly, Annual Minimum and Daily – 7 Specified Airports) change by 84% of the Terminal rate change and 16% of the Enroute rate change. Changes to these rates will be effective on March 1, 2024, consistent with the revision cycle for these charges.

## 5. PRINCIPLES GOVERNING NAV CANADA'S SERVICE CHARGES

The principles governing the establishment of new charges or the revision of existing charges by NAV CANADA are set out in Section 35 of the *ANS Act*. Each of the principles is presented below in italics, followed by an explanation of how the Notice complies with that particular principle.

- 35(1)(a) *Charges must be in accordance with a methodology established and published by the Corporation that is explicit and that also includes the terms and conditions affecting charges;*

The Notice, required under Section 36 of the *ANS Act*, has been posted on the Internet, on the NAV CANADA website, and sent to aviation associations. On the basis of this information, any person subject to NAV CANADA's charges can calculate the amount that would be payable for a given flight.

- 35(1)(b) *Charges must not be structured in such a way that a user would be encouraged to engage in practices that diminish safety for the purpose of avoiding a charge;*

For any given flight, NAV CANADA's charges are not structured in such a manner that safety may be affected. For example, any flight of any given aircraft between two points (e.g., Ottawa and Québec City) is subject to the same charges, regardless of whether the flight is IFR or VFR.

- 35(1)(c) *Charges for the same services must not differentiate between domestic and international flights of air carriers;*

There is no differentiation in the proposed revised charges between domestic and international flights of air carriers.

- 35(1)(d) *Charges for the same services must not differentiate among Canadian air carriers or among foreign air carriers;*

There is no differentiation in the proposed revised charges for a flight based on which domestic or foreign carrier provides the flight.

- 35(1)(e) *Charges must differentiate between the provision of services in relation to the landing and take-off of aircraft and the provision of services in relation to aircraft in flight, and must reflect a reasonable allocation of the costs of providing the services in those circumstances;*

The charges are based on an allocation of costs among the Enroute, Terminal and Oceanic services. The rules for the attribution of costs to the services were arrived at by considering workloads, statistics based on activity reports, management judgment and ICAO guidelines.

- 35(1)(f) *Charges in respect of recreational and private aircraft must not be unreasonable or undue;*

The charges reflect the need for recreational and private aircraft to contribute, along with other users, to the costs of operating the Canadian civil air navigation system. NAV CANADA believes the charges are neither unreasonable nor undue.

- 35(1)(g) *Charges for designated northern or remote services and for services directed to be provided under Subsection 24(1) must not be higher than charges for similar services utilized to a similar extent elsewhere in Canada;*

Since NAV CANADA's charges are uniform throughout Canada, northern or remote services are subject to the same charges as services utilized elsewhere in Canada.

- 35(1)(h) *Charges must be consistent with the international obligations of the Government of Canada; and*

The most relevant international obligations are the Convention on International Civil Aviation of 1944 (the Chicago Convention) and bilateral air services agreements between Canada and other states.

Article 15 of the Chicago Convention deals with charges for air navigation facilities and establishes the principle that fees charged for the use of airport and air navigation services not be higher for foreign compared to domestic users engaged in similar international air services. The charges comply with Article 15 because: (i) the charges in respect of international air services are not higher for foreign air carriers than they are for Canadian carriers engaged in similar international air services (i.e., the charges do not differentiate according to the flag of the carrier), and (ii) the charges relate to the availability or provision of air navigation services and are not imposed for the right of entry into Canadian airspace.

Charges imposed are generally consistent with the themes included in ICAO Doc 9082, a non-binding document which provides guidance that States are encouraged to follow. ICAO Doc 9082 itself does not form part of the Government of Canada's international obligations under Subsection 35(1)(h) of the *ANS Act*.

The charges are also consistent with bilateral air services agreements between Canada and other states.

- 35(1)(i) *Charges must not be set at a level that, based on reasonable and prudent projections, would generate revenues exceeding the Corporation's current and future financial requirements in relation to the provision of civil air navigation services.*

NAV CANADA's charges are set to recover its expenses net of other revenues determined in accordance with International Financial Reporting Standards and the costs of complying with certain financial requirements, as described in detail in Subsection 35(5) of the *ANS Act*. NAV CANADA set charges effective January 1, 2024 based on fiscal year 2024 net costs of \$1.669.7 million plus \$69.3 million towards the estimated accumulated RSA shortfall at August 31, 2023.

- 35(2) *The charging methodology may recognize that the value of the services differs among users.*

NAV CANADA's charging methodology does recognize that the value of the services differs among users, e.g., charges that vary with aircraft weight.

- 35(3) *Where the Corporation's charging methodology recognizes the value of the services and aircraft weight is used as a measure of the value of the services, the principle referred to in paragraph (1)(a) is deemed not to have been observed if aircraft weight is taken into account either directly proportionally or greater than directly proportionally.*

The International Communication Services charges and NAT charges are levied on a per flight basis and do not take weight into account. The Enroute and Terminal Services charges take weight into account, but less than proportionally. The Enroute Charge is based on a unit rate multiplied by the square root of aircraft weight multiplied by distance. The Terminal Services Charge is based on a unit rate multiplied by aircraft weight raised to the 0.8 power.

Pursuant to Subsection 35(7), Subsection 35(3) does not apply to flat fees. The Annual, Quarterly and Daily Charges represent flat fees.

- 35 (4) *For the purpose of Subsection (3), “weight”, in relation to an aircraft, means the maximum permissible take-off weight specified in the aircraft’s certificate of airworthiness or in a document referred to in that certificate.*

Weight calculations are based on the maximum permissible take-off weight specified in the aircraft’s certificate of airworthiness or in a document referred to in that certificate. For more information, please refer to the September 1, 2020 *Customer Guide to Charges*.

## **6. INFORMATION REGARDING THE NOTICE AND ON MAKING REPRESENTATIONS TO NAV CANADA**

The Notice and this Document are available on-line and a copy may be downloaded from NAV CANADA’s Internet site ([www.navcanada.ca](http://www.navcanada.ca)).

Information on the existing charges is provided in NAV CANADA’s announcements on service charges and *Customer Guide to Charges*, which are also available at [www.navcanada.ca](http://www.navcanada.ca)

Copies of the Details and Principles document may be obtained by contacting NAV CANADA:

In writing: NAV CANADA  
P.O. Box 3411, Station “T”  
Ottawa, Ontario  
CANADA K1P 5L6  
Attention: AVP Stakeholder and Industry Relations

By e-mail: [service@navcanada.ca](mailto:service@navcanada.ca)  
By telephone: 1-613-563-5588  
1-800-876-4693 (Toll Free North America)  
711/1-866-662-6478 (TTY Line (Deaf/hard of hearing))

Pursuant to Section 36 of the *ANS Act*, persons interested in making representations in writing to NAV CANADA with regard to the Notice may do so in writing to the following address:

NAV CANADA  
P.O. Box 3411, Station “T”  
Ottawa, Ontario  
CANADA K1P 5L6  
Attention: Director, Rates, Financial Systems and Controls

By e-mail: [Jenny.Xi@navcanada.ca](mailto:Jenny.Xi@navcanada.ca)

**Note: Representations must be received by NAV CANADA no later than the close of business on November 26, 2023.**

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### **Caution Concerning Forward-looking Information**

*This document contains certain statements about NAV CANADA's future expectations. These statements are generally identified by words like "anticipate", "plan", "believe", "intend", "expect", "estimate", "approximate", "forecast" and the like, as well as future or conditional verbs such as "may", "will", "should", "would" and "could", or negative versions thereof. Because forward-looking statements involve future risks and uncertainties, actual results may be different from those expressed or implied in these statements and these differences may be material. Examples of risks and uncertainties NAV CANADA faces include geopolitical unrest, terrorist attacks and the threat thereof, war, epidemics or pandemics, government interventions and related travel advisories and restrictions, climate change and environmental factors (including weather systems and other natural phenomena and factors arising from manmade sources), cyber security attacks, labour negotiations, arbitrations, workforce recruitment, training and retention, general aviation industry conditions, air traffic levels, the use of telecommunications and ground transportation as alternatives to air travel, capital market and economic conditions, the ability to collect customer service charges and reduce operating costs, changes in interest rates, changes in laws, tax changes, adverse regulatory developments or proceedings and lawsuits. Some of these risks and uncertainties are explained under "Risk Factors" in our fiscal 2022 Annual Information Form. The forward-looking statements contained in this document represent our expectations as of September 15, 2023 and are subject to change after this date. Readers of this document are cautioned not to place undue reliance on any forward-looking statement. We disclaim any intention or obligation to update or revise any forward-looking statement included in this document whether as a result of new information, future events or for any other reason, except as required by applicable legislation.*