



## **ANNOUNCEMENT OF REVISED SERVICE CHARGES**

**JULY 2016**

### **GENERAL**

NAV CANADA hereby announces revised service charges, pursuant to Section 37 of the *Civil Air Navigation Services Commercialization Act*, S.C. 1996, c. 20 (ANS Act). This Announcement sets out the revisions in charges that apply to three categories of air navigation charges: (i) Terminal, (ii) Enroute, and (iii) Oceanic. These revised charges will become effective on September 1, 2016, except where otherwise indicated. All other service charges provisions not amended by this Announcement remain in effect.

Pursuant to Section 42 of the ANS Act, persons wishing to appeal these revisions may do so by making an application to the Canadian Transportation Agency. The application must be filed within 30 days after the filing of this Announcement with the Agency. An appeal may only be made on one or more of the grounds set out in Section 43 of the ANS Act.

This Announcement consists of three sections:

- (1) Changes in Rates for Service Charges,
- (2) Revision to Annual Maximum for the Daily Charge at Seven Specified International Airports for Propeller Aircraft Weighing up to 3.0 Tonnes; and
- (3) Modification to Terms and Conditions

## 1. CHANGES IN RATES FOR SERVICE CHARGES

The revised charges will be effective September 1, 2016, except where otherwise indicated.

The following tables set out the revised rates. The revised rates have two components:

- Base rates, which are set to breakeven for fiscal year 2017, and
- Additional rate adjustments, to be in effect for one year, which will return to customers a financial surplus that is anticipated at the end of fiscal 2016.

### Movement-Based Charges

Charge	Base Rates Prior to September 1, 2016	Base Rates Effective September 1, 2016	Additional Rate Adjustments <sup>†</sup>
Terminal	\$ 23.90	\$ 24.14	-\$ 0.93
Enroute	\$ 0.03445	\$ 0.03194	-\$ 0.00124
North Atlantic	\$ 93.24	\$ 87.18	-\$ 3.37
International Communication			
Data Link	\$ 22.04	\$ 19.02	-\$ 0.74
Voice	\$ 58.56	\$ 50.54	-\$ 1.96

<sup>†</sup> These temporary rate adjustments will be effective September 1, 2016 to August 31, 2017.

### Daily Charges

Category and Weight Group* (in metric tonnes)	Base Rates Prior to September 1, 2016	Base Rates Effective September 1, 2016	Additional Rate Adjustments <sup>†</sup>
Propeller Aircraft			
Over 3.0 up to 5.0	\$ 42	\$ 41.79	-\$ 1.63
Over 5.0 up to 6.2	\$ 84	\$ 83.58	-\$ 3.26
Over 6.2 up to 8.6	\$ 333	\$ 331.34	-\$ 12.92
Over 8.6 up to 12.3	\$ 773	\$ 769.14	-\$ 30.00
Over 12.3 up to 15.0	\$ 1,152	\$ 1,146.24	-\$ 44.70
Over 15.0 up to 18.0	\$ 1,384	\$ 1,377.08	-\$ 53.71
Over 18.0 up to 21.4	\$ 1,866	\$ 1,856.67	-\$ 72.41
Over 21.4	\$ 2,421	\$ 2,408.90	-\$ 93.95
Maximum for Helicopters	\$ 84	\$ 83.58	-\$ 3.26
<i>Small Jet Aircraft</i>			
Up to 3.0	\$ 159	\$ 158.21	-\$ 6.17
Over 3.0 up to 6.2	\$ 205	\$ 203.98	-\$ 7.96
Over 6.2 up to 7.5	\$ 333	\$ 331.34	-\$ 12.92

\* Maximum permissible take-off weight.

<sup>†</sup> These rate adjustments will be effective September 1, 2016 to August 31, 2017.

**Annual Charges\***

<b>Weight Group** (in metric tonnes)</b>	<b>Base Rates Prior to March 1, 2017</b>	<b>Base Rates Effective March 1, 2017</b>	<b>Additional Rate Adjustments<sup>†</sup></b>
0.617 up to 2.0	\$ 68	\$ 67.64	-\$ 2.64
Over 2.0 up to 3.0***	\$ 227	\$ 225.84	-\$ 8.80

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

\*\* Maximum permissible take-off weight.

\*\*\* The existing provisions regarding private aircraft used exclusively for recreational purposes (regardless of aircraft weight) and for aircraft restricted to aerial agricultural spraying remain with the exception of the revised rates.

† These temporary rate adjustments will be effective March 1, 2017 to February 28, 2018.

**Daily Charge at Seven Specified International Airports**

<b>Aircraft Category</b>	<b>Base Rates Prior to March 1, 2017</b>	<b>Base Rates Effective March 1, 2017</b>	<b>Additional Rate Adjustments<sup>†</sup></b>
Daily Charge for Propeller Aircraft up to 3.0 Metric Tonnes	\$ 10	\$ 9.95	-\$ 0.39

\* Maximum permissible take-off weight.

† These temporary rate adjustments will be effective March 1, 2017 to February 28, 2018.

**Annual Minimum Charges\***

<b>Aircraft Category</b>	<b>Base Rates Prior to March 1, 2017</b>	<b>Base Rates Effective March 1, 2017</b>	<b>Additional Rate Adjustments<sup>†</sup></b>
Annual Minimum for Propeller Aircraft over 3.0 Metric Tonnes and Jet Aircraft **	\$ 227	\$ 225.84	-\$ 8.80

\* 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.

† These temporary rate adjustments will be effective March 1, 2017 to February 28, 2018.

## **2. REVISION TO ANNUAL MAXIMUM FOR THE DAILY CHARGE AT SEVEN SPECIFIED INTERNATIONAL AIRPORTS FOR PROPELLER AIRCRAFT WEIGHING UP TO 3.0 TONNES**

The following changes will be made to the annual maximum for this charge:

- the existing annual maximum of \$1,200 per year per aircraft be eliminated, and
- an annual maximum of 120 daily charges per year per aircraft be established

These revisions will be effective March 1, 2017, consistent with the revision cycle for these charges.

## **3. MODIFICATIONS TO CREDIT TERMS AND CONDITIONS**

### **Credit Security Arrangements**

The Company's current credit security arrangements were set out in the Announcement of Revised Service charges dated August 18, 2000 and subsequently modified in Announcements dated December 21, 2001; July 21, 2003; April 2006; and October 2013. They are currently set out as follows:

Where an aircraft operator has significant and/or overdue charges or where NAV CANADA, acting reasonably and in good faith, is of the opinion that NAV CANADA charges will not be paid when due, NAV CANADA may seek credit security arrangements from the operator in a form and substance satisfactory to NAV CANADA.

The amount of outstanding charges, including both amounts billed and amounts accrued for unbilled charges, for any customer shall not exceed \$4 million at any time. When NAV CANADA determines that the maximum of \$4 million may be exceeded, it shall advise the customer that its billing and/or payment frequency shall be increased and/or a refundable deposit may be required as necessary to ensure the maximum is not exceeded. Where the customer makes a refundable deposit, the amount must remain on deposit for a minimum of six (6) months and NAV CANADA will remit to the depositor every six (6) months the interest earned based on the six (6) month Canadian Dollar Offered Rate (CDOR) or similar market rate at time of deposit or renewal. In appropriate circumstances, NAV CANADA may also require advance payments or deposits on account of charges.

A customer shall be required to pay for the provision or availability of air navigation services in advance or provide satisfactory security for such payment on the basis of an estimate of charges to be incurred, in the following circumstances:

- A customer fails to make a payment or any part of a payment in accordance with NAV CANADA's payment terms and conditions on three occasions or more;
- The customer's Dun & Bradstreet Financial Stress Score Risk Class is a 4 or 5, or the failure score equivalent, as amended from time to time;

- A customer's credit is rated and its credit rating is below or falls to below B as determined by Standard & Poor's or B2 as determined by Moody's;
- If a customer is under creditor protection (e.g., Companies' Creditors Arrangement Act (CCAA) in Canada or Chapter 11 in the United States) or any other form of financial restructuring in accordance with applicable insolvency legislation or the customer has publicly announced that it may file for creditor protection or bankruptcy; or
- The customer has not provided NAV CANADA, upon request, with financial information such as credit ratings, credit reports, analyst reports, current audited or unaudited financial statements, etc. which NAV CANADA deems sufficient to enable it to assess and conclude that the creditworthiness of the customer is satisfactory.

Without limiting NAV CANADA's general discretion to require security arrangements, where a customer has not been invoiced previously by NAV CANADA for ANS services, or has not been invoiced within the previous six months, and where total monthly charges are expected to exceed \$1,000, the customer will be required to make a pre-payment, which will remain on account for a minimum of two years, in an amount equal to twice the estimated monthly total charges. The pre-payment amount will be subject to adjustments based on changes in the level of the estimated monthly total charges.

Effective September 1, 2016, the Company's existing credit security arrangements will be replaced with the following:

Where a customer has significant and/or overdue charges or where NAV CANADA, acting reasonably and in good faith, is of the opinion that NAV CANADA charges will not be paid when due, NAV CANADA may seek credit security arrangements from the customer in a form and substance satisfactory to NAV CANADA.

The amount of outstanding charges, including both amounts billed and amounts accrued for unbilled charges, for any customer shall not exceed \$4 million at any time. When NAV CANADA determines that the maximum of \$4 million may be exceeded, it shall advise the customer that its billing and/or payment frequency shall be increased and/or a refundable deposit may be required as necessary to ensure the maximum is not exceeded. Where the customer makes a refundable deposit, the amount must remain on deposit for a minimum of six (6) months and NAV CANADA will remit to the depositor every six (6) months the interest earned based on the six (6) month Canadian Dollar Offered Rate (CDOR) or similar market rate at time of deposit or renewal. In appropriate circumstances, NAV CANADA may also require advance payments or deposits on account of charges.

A customer shall be required to pay for the provision or availability of air navigation services in advance or provide satisfactory credit security for such payment on the basis of an estimate of charges to be incurred, in any of the following circumstances:

- A customer fails to make a payment or any part of a payment in accordance with NAV CANADA's payment terms and conditions on three occasions or more;
- The customer's Dun & Bradstreet Financial Stress Score Risk Class is a 4 or 5, or the failure score equivalent, as amended from time to time;
- A customer's credit is rated and its credit rating is below or falls to below B as determined by Standard & Poor's or B2 as determined by Moody's;
- If a customer is under creditor protection (e.g., Companies' Creditors Arrangement Act (CCAA) in Canada or Chapter 11 in the United States) or any other form of financial restructuring in accordance with applicable insolvency legislation or the customer has publicly announced that it may file for creditor protection or bankruptcy; or
- The customer has not provided NAV CANADA, upon request, with financial information such as credit ratings, credit reports, analyst reports, current audited or unaudited financial statements, etc. which NAV CANADA deems sufficient to enable it to assess and conclude that the creditworthiness of the customer is satisfactory.

Without limiting NAV CANADA's general discretion to require credit security arrangements, where a customer has not been invoiced previously by NAV CANADA for ANS services, or has not been invoiced within the previous six months, and where total monthly charges are expected to exceed \$1,000, the customer will be required to provide a credit security pre-payment, which will remain on account for a minimum of two years, in an amount equal to the level of financial exposure determined by the estimated maximum monthly total charges. The credit security pre-payment amount will be subject to adjustments based on changes in the level of the estimated maximum monthly total charges.