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ANNOUNCEMENT OF REVISED SERVICE CHARGES

AUGUST 2019

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, 2019, and January 1, 2020, 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) Revision to Service Charge Rates;
- (2) Changes to the Rate Stabilization Account Balance Management Principle; and
- (3) Charging Formula for the NAT Charge to be Effective January 1, 2020

1. REVISION TO SERVICE CHARGE RATES

1.1 Revised Rates to be Effective September 1, 2019

The following tables set out the revised rates to be effective September 1, 2019, except where otherwise noted.

Movement-Based Charges

Charge		Base Rates Prior to September 1, 2019	Base Rates Effective September 1, 2019
Terminal		\$ 24.36	\$ 24.36
Enroute		\$ 0.02949	\$ 0.03008
North Atlantic		\$ 83.00	\$ 75.61
International Communications			
	Data Link	\$ 18.68	\$ 19.99
	Voice	\$ 49.66	\$ 53.14

Daily Charges

Category and Weight Group* (in Metric tonnes)	Base Rates Prior to September 1, 2019	Base Rates Effective September 1, 2019
Propeller Aircraft		
Over 3.0 to 5.0	\$ 41.53	\$ 41.65
Over 5.0 to 6.2	\$ 83.07	\$ 83.32
Over 6.2 to 8.6	\$ 329.31	\$ 330.30
Over 8.6 to 12.3	\$ 764.44	\$ 766.73
Over 12.3 to 15.0	\$ 1,139.23	\$ 1,142.65
Over 15.0 to 18.0	\$ 1,368.66	\$ 1,372.77
Over 18.0 to 21.4	\$ 1,845.33	\$ 1,850.87
Over 21.4	\$ 2,394.18	\$ 2,401.36
Maximum Helicopters		
	\$ 83.07	\$ 83.32
Small Jet Aircraft		
Up to 3.0	\$ 157.25	\$ 157.72
Over 3.0 to 6.2	\$ 202.73	\$ 203.34
Over 6.2 to 7.5	\$ 329.31	\$ 330.30

* Maximum permissible take-off weight.

Annual Charges*

Weight Group** (in Metric tonnes)	Base Rates Prior to March 1, 2020	Base Rates Effective March 1, 2020
0.617 up to 2.0	\$ 67.20	\$ 67.40
Over 2.0 up to 3.0***	\$ 224.44	\$ 225.12

* 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 a revised rate of \$67.40.

Daily Charge at Seven Specified International Airports

Aircraft Category	Base Rates Prior to March 1, 2020	Base Rates Effective March 1, 2020
Daily Charge for Propeller Aircraft up to 3.0 Metric Tonnes*	\$ 9.89	\$ 9.92

* Maximum permissible take-off weight.

Annual Minimum Charges*

Aircraft Category	Base Rates Prior to March 1, 2020	Base Rates Effective March 1, 2020
Annual Minimum for Propeller Aircraft over 3.0 Metric Tonnes and Jet Aircraft **	\$ 224.44	\$ 225.12

* 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 a revised rate of \$67.40.

1.2 Revised Rates to be Effective January 1, 2020

The rate for the NAT charge will be \$155.03 per flight, effective January 1, 2020.

2. Changes to the Rate Stabilization Account Balance Management Principle

The Company currently has a Rate Stabilization Account (RSA) target balance set at 7.5% of annual operating expenses, excluding one-time non-recurring items. The Company will cease using the formula-based RSA target balance (7.5% of annual operating expenses) and instead manage the RSA level on an annual basis in conjunction with the rate setting and budget approval process. To determine an appropriate corporate contingency the RSA level, based on the forecasted year-end balance of the RSA, will be considered together with Management's objective analysis as to the magnitude of the reduction in operating costs achievable in a liquidity event.

This change will be effective September 1, 2019.

3. Charging Formula for the NAT Charge to be Effective January 1, 2020

The Company has decided not to proceed with a change to the NAT service charge formula at this time. The retention of the existing flat-fee per flight methodology was set out as Option 3 in section 2 of the Notice of Revised Service Charges, dated June 2019.

The NAT charge will be \$155.03 per flight effective January 1, 2020, as set out in subsection 1.2 of this document.