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## NOTICE OF REVISED SERVICE CHARGES

MAY 2026

### GENERAL

Pursuant to Section 36 of the *Civil Air Navigation Services Commercialization Act*, S.C. 1996, c. 20 (the *ANS Act*), the following document provides notice (the “**Notice**”) of **NAV CANADA’s proposed revised charges to become effective September 1, 2026, except as otherwise noted**. A document setting out additional details in relation to these proposals, including a justification in relation to the charging principles established under Section 35 of the *ANS Act*, is available upon request from NAV CANADA or is available under the Corporate/Service Charge Changes section on the NAV CANADA website ([www.navcanada.ca](http://www.navcanada.ca)).

Persons interested in making representations to NAV CANADA about the proposals set out in this Notice may do so by writing to the address set out under Section 4 of this Notice. Such representations must be received by NAV CANADA **no later than July 24, 2026**.

NAV CANADA applies service charges to the following categories of air navigation services: (i) Terminal, (ii) Enroute, (iii) North Atlantic Enroute, and (iv) International Communications.

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

This Notice consists of four sections:

- (1) Proposed Revision to Service Charge Rates
- (2) Proposed Changes to the Definition of Recreational Purposes in the Customer Guide to Charges
- (3) Proposed Changes to the Definition of Aircraft Weight for Quarterly Charges for Foreign-Registered Propeller Aircraft (including Helicopters) in the Customer Guide to Charges
- (4) Additional Information Regarding the Notice and on Making Representations to NAV CANADA.

## **1. PROPOSED REVISION TO SERVICE CHARGE RATES**

### **1.1 Summary**

NAV CANADA proposes to increase customer service charge rates, on average, by 1.92% representing a Base Rate increase averaging 2.04% and a Temporary Rate decrease averaging 2.25% compared to existing rates, effective September 1, 2026.

### **1.2 Background**

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.

NAV CANADA's Board of Directors (the "Board") approves the amount and timing of changes to customer service charges, as well as the annual budget, which establishes the level of costs to be recovered through those charges. Consistent with its not-for-profit mandate, NAV CANADA manages its financial position over a multi-year horizon, leveraging the Rate Stabilization Account (the "RSA") and its established rate-setting methodology to absorb variability and smooth rate impacts over time. This approach supports the ongoing recovery of prior-period balances and the gradual rebuilding of the RSA, ensuring long-term financial stability and resilience.

The COVID-19 pandemic had an unprecedented impact on global air traffic and the aviation industry. Given NAV CANADA's mandate to provide civil air navigation services, the majority of its cost base is fixed. While a service charge increase was implemented during this period, it was set at a level sufficient to maintain compliance with debt covenants and secure the financing required to sustain operations.

As air traffic volumes declined significantly over an extended period, NAV CANADA's costs exceeded its revenues, resulting in a material deficit in the RSA. In response, the Corporation adopted a deliberate, multi-year approach to recover this balance in a manner that supported industry stability during a period of disruption.

The recovery of this pandemic-related RSA shortfall, along with a continued focus on reducing debt, remains a key priority in strengthening NAV CANADA's financial position and resilience to changes in air traffic and broader economic conditions. Building on this approach, NAV CANADA continues to apply a long-term rate-setting framework, using the RSA to manage variability and moderate changes in service charges over time.

As the remaining deficit is recovered, the RSA will be progressively restored in a disciplined manner, supporting more stable and predictable rates while reinforcing the long-term resilience of both NAV CANADA and the broader aviation sector. While the

aviation sector has largely moved beyond the immediate impacts of the pandemic, it is now operating in a different but still complex environment. The Canadian aviation sector is currently navigating a range of ongoing pressures across demand, operations, and geopolitics. Geopolitical tensions—including the ongoing conflict in the Middle East—along with energy price volatility, trade dynamics, and broader economic uncertainty, continue to influence both air traffic demand and NAV CANADA’s cost base.

These factors are contributing to shifts in travel patterns, airline economics, and system costs, creating continued uncertainty in the aviation outlook both globally and within Canada.

In this context, our medium-term air traffic forecast has been revised downward. In response, NAV CANADA has implemented proactive cost-containment measures to help offset near-term revenue pressures and support financial stability.

Amid continued downside critical uncertainties, NAV CANADA must remain forward-looking and continue to invest in service delivery, operational training, and modernization. These investments are essential to maintaining safe, reliable, and high-quality service, while driving long-term efficiencies for both our customers and NAV CANADA. As with any major modernization program, these initiatives result in higher costs and debt during the investment phase, with benefits realized over time.

The proposed rate adjustments reflect NAV CANADA’s balanced approach to meeting its current obligations, rebuilding its financial resilience, investing in safety and service delivery, and supporting the industry by recovering the RSA shortfall and rebuilding it over an extended timeframe. NAV CANADA continues to execute its plan to fully recover the pandemic-related RSA deficit by the end of fiscal 2028. NAV CANADA further plans to rebuild the RSA to target levels, both overall and by service category, within the outlook period of fiscal 2028 to fiscal 2031, enabling NAV CANADA to strengthen financial resilience and support the effective management of variability across air traffic demand, fuel prices, labour dynamics, and broader economic conditions. This approach also enhances the Corporation’s ability to navigate both downside risks and potential upside opportunities as market conditions evolve.

**Additional information is provided in the document “Details and Principles Regarding Proposed Revised Service Charges (September 2026)”. Refer to Section 4 of this Notice for information on how to obtain a copy of this document.**

### **1.3 Proposed Customer Service Charge Rate Revisions Effective September 1, 2026**

NAV CANADA’s costs and revenues are allocated to four services provided by the Company: Terminal, Enroute (including Domestic Enroute and Overflight), North Atlantic Enroute (NAT), and International Communications (Int’l Com).

As outlined in the Background section above, the current operating environment is characterized by a heightened degree of uncertainty. Broader geopolitical developments—including trade-related factors and, most notably, the ongoing conflict in the Middle East—are expected to continue influencing air traffic patterns and demand through the remainder of fiscal 2026 and into fiscal 2027.

The FY2026 forecast reflects an RSA deficit of \$65M as of August 31, 2026, which is \$38M higher than budget. This variance is primarily driven by lower air traffic associated with current geopolitical conditions—particularly the Middle East conflict, which accounts for the majority of the shortfall. Adverse weather also contributed to lower revenues in select periods, although its overall impact was limited. These factors, combined with the continued prioritization of investments in service delivery and initiatives that strengthen long-term operational resilience, explain the variance. These impacts were partially offset by reduced non-compensation expenses achieved through proactive cost containment measures.

The FY2027 outlook reflects an RSA deficit of \$65M as of August 31, 2027. This position reflects the continued impact of macroeconomic slowdown and geopolitical uncertainty on both costs and air traffic demand, as well as broader market dynamics, including fuel prices and labour conditions, which contribute to increased variability in the revenue outlook. This outcome also reflects a deliberate, measured approach embedded in the FY2027 financial plan, which balances these near-term uncertainties with the need to maintain service performance and advance key investments. Under this approach, a portion of current-period pressures is carried forward rather than fully recovered within the year, allowing for a more gradual and sustainable path to restoring the RSA over the planning horizon.

The rate adjustment proposal comprises two components: an increase to Base Rates and a reduction to Temporary Rates. Base Rates are set on a forward-looking basis to reflect underlying cost requirements, while applying a measured, multi-year approach that does not fully recover all costs within a single period. This approach results in a planned RSA deficit in fiscal 2027, reflecting a deliberate decision to moderate near-term rate impacts.

Temporary Rates, which remain in place through fiscal 2028, are used specifically to recover the pandemic-related RSA shortfall. The proposed decrease to Temporary Rates adjusts the level of recovery in fiscal 2027, ensuring the Corporation remains on track to fully recover this balance over the established five-year period.

Together, these components reflect a disciplined application of the rate-setting framework. Rather than fully passing through current cost pressures in a single year, the Corporation leverages the RSA to manage short-term variability and smooth rate adjustments over time. This supports greater stability and predictability for customers, while allowing for a balanced recovery of the pandemic-related deficit and maintaining long-term financial resilience.

(i) Base Rate Revision

Based on NAV CANADA's fiscal 2027 financial outlook, an average Base Rate increase of 2.04% is proposed.

Under the Corporation's long-term rate-setting framework, the RSA is used to moderate short-term variability and support greater stability and predictability in service charges over time.

Entering fiscal 2027, the RSA position at the Base Rate level reflects an opening net surplus of approximately \$31M. This includes the allocation of \$2M of Base Rate RSA surplus for ICOMM to its related pandemic-related RSA shortfall. Under the proposed approach, a planned deficit of \$52M will be incurred during the year at Base Rate level, reflecting the decision not to fully recover current-period requirements in a single year given the current operating environment. This results in a projected RSA deficit of approximately \$21M at the end of fiscal 2027 at Base Rate level, to be recovered over future periods.

This outcome reflects a deliberate, measured approach that balances current cost pressures with the objective of maintaining stable and predictable rates. Variations in Base Rates by service, as outlined in the chart below, reflect differences in expected costs and traffic volumes across each service category.

(ii) Temporary Rate Adjustment

NAV CANADA proposes to decrease Temporary Rates by an average of 2.25%, reflecting the ongoing recovery of the pandemic-related RSA shortfall.

Entering fiscal 2027, the pandemic-related RSA position reflects an overall deficit of approximately \$96M across applicable service categories. This includes the allocation of \$2M of Base Rate RSA surplus for ICOMM to its related pandemic-related RSA shortfall. In fiscal 2027, \$52M is expected to be recovered, resulting in a projected remaining RSA deficit of approximately \$44M at the end of fiscal 2027, to be fully recovered by fiscal 2028 as planned.

For International Communications (ICOMM), the pandemic-related RSA shortfall is expected to be fully recovered by August 31, 2026, supported in part by the application of Base Rate surpluses. As a result, the Temporary Rate for ICOMM will be eliminated effective September 1, 2026. Following this, Terminal will be the only service category with a remaining pandemic-related RSA shortfall. No change is proposed to its existing Temporary Rate, as recovery remains on track.

(iii) Summary and Breakdown of Charge Adjustments

Taken together, the proposed Base and Temporary Rate adjustments reflect a disciplined application of the rate-setting framework, balancing current period requirements with the recovery of remaining RSA shortfall balances. At the Base Rate level, a planned deficit is maintained to moderate near-term rate impacts, while Temporary Rates continue to support the targeted recovery of the pandemic-related RSA shortfall.

Overall, the proposed service charge revisions, effective September 1, 2026, represent an average increase of 1.92%. Variations by service category reflect differing RSA positions, cost structures, and traffic outlooks, resulting in a calibrated set of rate adjustments aligned with each service’s financial and recovery profile. This approach supports a gradual and predictable path toward restoring the RSA over the planning horizon while maintaining stability for customers.

	Terminal	Enroute	NAT	Int'l Com	TOTAL
Sep 01, 2026 Base Rate Change Required	4.06%	0.00%	6.30%	-9.60%	2.04%
Flat Fees	3.49%				
Sep 01, 2026 Temporary Rate Change Required	0.00%	0.00%	0.00%	-100.00%	-2.25%
Flat Fees	0.00%				
Sep 01, 2026 Net Rate Change Required	3.82%	0.00%	6.30%	-15.94%	1.92%
Flat Fees	3.28%				

The proposed revised rates would become effective September 1, 2026, except for the annual, daily – major airports, and annual minimum charges, as specifically set out in the tables below on Pages 7 and 8 of this Notice, which would become effective March 1, 2027.

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

### Movement-Based Charges

Charge	Base Rates Prior to September 1, 2026	Temporary Rate Adjustment to Recover RSA Shortfall Prior to September 1, 2026	Proposed Base Rates Effective September 1, 2026	Proposed Temporary Rate Adjustment to Recover RSA Shortfall Effective September 1, 2026*
Terminal Charge	\$ 31.88	\$ 2.02	\$ 33.17	\$ 2.02
Enroute Charge (including Overflight)	\$ 0.03524	\$ -	\$ 0.03524	\$ -
NAT	\$ 183.61	\$ -	\$ 195.18	\$ -
International Communications				
Data Link	\$ 30.73	\$ 2.32	\$ 27.78	\$ -
Voice	\$ 81.67	\$ 6.16	\$ 73.83	\$ -

\* 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 September 1, 2026	Temporary Rate Adjustment to Recover RSA Shortfall Prior to September 1, 2026	Proposed Base Rates Effective September 1, 2026	Proposed Temporary Rate Adjustment to Recover RSA Shortfall Effective September 1, 2026**
<b>Propeller Aircraft</b>				
Over 3.0 to 5.0	\$ 53.58	\$ 2.55	\$ 55.45	\$ 2.55
Over 5.0 to 6.2	\$ 107.19	\$ 5.09	\$ 110.93	\$ 5.09
Over 6.2 to 8.6	\$ 424.92	\$ 20.20	\$ 439.75	\$ 20.20
Over 8.6 to 12.3	\$ 986.38	\$ 46.89	\$ 1,020.80	\$ 46.89
Over 12.3 to 15.0	\$ 1,469.99	\$ 69.88	\$ 1,521.29	\$ 69.88
Over 15.0 to 18.0	\$ 1,766.03	\$ 83.95	\$ 1,827.66	\$ 83.95
Over 18.0 to 21.4	\$ 2,381.08	\$ 113.19	\$ 2,464.18	\$ 113.19
Over 21.4	\$ 3,089.28	\$ 146.85	\$ 3,197.10	\$ 146.85
<b>Maximum Helicopters</b>	\$ 107.19	\$ 5.09	\$ 110.93	\$ 5.09
<b>Small Jet Aircraft</b>				
Up to 3.0	\$ 202.90	\$ 9.64	\$ 209.98	\$ 9.64
Over 3.0 to 6.2	\$ 261.59	\$ 12.44	\$ 270.72	\$ 12.44
Over 6.2 to 7.5	\$ 424.92	\$ 20.20	\$ 439.75	\$ 20.20

\* 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, 2027	Temporary Rate Adjustment to Recover RSA Shortfall Prior to March 1, 2027	Proposed Base Rates Effective March 1, 2027	Proposed Temporary Rate Adjustment to Recover RSA Shortfall Effective March 1, 2027****
0.617 up to 2.0	\$ 86.71	\$ 4.13	\$ 89.72	\$ 4.13
Over 2.0 up to 3.0***	\$ 289.60	\$ 13.77	\$ 299.72	\$ 13.77

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

\*\* Maximum permissible take-off weight.

\*\*\* Provisions regarding private aircraft used exclusively for recreational purposes (regardless of aircraft weight) only applies to aircrafts that meet the definition of "recreational purposes". 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, 2027	Temporary Rate Adjustment to Recover RSA Shortfall Prior to March 1, 2027	Proposed Base Rates Effective March 1, 2027	Proposed Temporary Rate Adjustment to Recover RSA Shortfall Effective March 1, 2027**
Daily Charge for Propeller Aircraft up to 3.0 Metric Tonnes*	\$ 12.77	\$ 0.61	\$ 13.22	\$ 0.61

\* 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, 2027	Temporary Rate Adjustment to Recover RSA Shortfall Prior to March 1, 2027	Proposed Base Rates Effective March 1, 2027	Proposed Temporary Rate Adjustment to Recover RSA Shortfall Effective March 1, 2027***
Annual Minimum for Propeller Aircraft over 3.0 Metric Tonnes and Jet Aircraft**	\$ 289.60	\$ 13.77	\$ 299.72	\$ 13.77

\* 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.

**2. Revisions to the definition of “recreational purposes” to be used for determining eligibility for annual and quarterly charges for aircraft above three metric tonnes to be amended in the Customer Guide to Charges.**

Following a review of the definition of “recreational purposes” used in the application of annual and quarterly charges for aircraft above three metric tonnes, NAV CANADA proposes to amend this definition. Recreational purposes eligibility is currently limited to propeller propulsion. The intent of this limitation is to restrict high performance aircraft from being eligible due to the higher levels of service required for these aircraft types. Advancements in technology and aircraft propulsion systems have closed the gap between propeller-driven and jet aircraft. NAV CANADA proposes to add additional language to define and exclude “high performance” aircraft from recreational purposes eligibility. The revised definition provides additional clarity and better reflects the different operating characteristics of high performance aircraft regardless of propulsion type, and the resulting level of service required for these aircraft types.

The following definitions are proposed to take effect as of September 1, 2026:

*“recreational purposes”, in respect of an aircraft, means a) use of an aircraft that is solely private and not connected to any business, commercial, or government activity; and (b) not a high-performance aircraft.*

*“high-performance aircraft” means an aircraft which, according to its manufacturer’s specifications (as set out in the aircraft’s certificate of airworthiness or in a document referred to in that certificate), has a flight service ceiling that falls within Class A airspace. Class A airspace for the purposes of this definition begins at 18,000 ft above sea level.*

NAV CANADA may re-assess an aircraft’s eligibility for recreational purposes status at any time and may revoke such status if any of the criteria in the definition are no longer met. As a condition of recreational purposes status, customers are required to inform NAV CANADA of any changes to an aircraft’s use or manufacturer’s specification which may impact its eligibility to the definition of recreational purpose.

High-performance aircraft which met the definition of recreational purposes and obtained recreational purposes status from NAV CANADA prior to September 1, 2026 will continue to be assessed the applicable Annual Charge until the aircraft: a) changes ownership; b) ceases operations; or c) no longer meets the definition of recreational purposes in effect prior to September 1, 2026.

**3. Revisions to the definition of weight to be used in the calculation of quarterly charges for foreign-registered propeller aircraft (including helicopters) three metric tonnes or less to be amended in the Customer Guide to Charges.**

NAV CANADA is proposing to change the source and definition of the aircraft weight used in the determination of quarterly charges for foreign-registered propeller aircrafts (including helicopters) three metric tonnes or less. Currently, NAV CANADA defines the weight to be used as the “typical” maximum permissible take-off weight of the aircraft type by reference to the Canadian Civil Aircraft Registry. The word “typical” is not clearly defined and these aircraft do not always appear in the Registry.

The proposed amendment would remove the use of “typical” weight and reference to the Canadian Civil Aircraft Registry, and instead refer to the aircraft’s maximum permissible take-off weight (MTOW) for the aircraft type, or when provided to NAV CANADA by the aircraft operator, the MTOW published in the manufacturer’s specifications (specified in the aircraft’s certificate of airworthiness or in a document referred to in that certificate) when determining the weight to be used in the calculation of these charges. The revised definition, which would take effect as of September 1, 2026, provides additional clarity and consistency in determining the weight to be used in the calculation of the quarterly charges.

**4. ADDITIONAL INFORMATION REGARDING THE NOTICE AND ON MAKING REPRESENTATIONS TO NAV CANADA**

Further justification for the proposal in relation to the charging principles in the *ANS Act* is provided in a document entitled *Details and Principles Regarding Proposed Revised Service Charges* (Details and Principles). The Notice and the Details and Principles documents are available under the Corporate/Service Charge Changes section on the NAV CANADA website ([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 on NAV CANADA’s Internet site.

A copy 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)  
711/1-800-876-4693 (TTY Line (Deaf/hard of hearing))

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

NAV CANADA  
P.O. Box 3411, Station "T"  
Ottawa, Ontario  
Canada K1P 5L6  
Attention: AVP Rates, Financial Systems and Financial Operations

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 July 24, 2026.**

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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 NAV CANADA's fiscal 2025 Annual Information Form. The forward-looking statements contained in this document represent NAV CANADA's expectations as of May 20, 2026 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.*