National Delegates Conference
November 14 2018
Today we will discuss:

- *Service Fees Act*
- Fee Modernization for Aeronautical Product Approvals
- Engagement Process
- Considerations
- Time for Questions and Comments
Service Fees Act

**Consumer Price Indexing**
- Annual increase for all fees (existing and new)
- Ensures that fees keep pace with inflation

**Performance Standards**
- Establish and publish service standards for every single service with fees

**Annual Reporting**
- Report on costs of providing service
- Report on revenues generated by fees

**Remission Policy**
- Circumstances where a portion of the fees could be returned if performance standards are not met
Current State for Aeronautical Product Approvals

- TC currently charges fees for aeronautical product approvals applying a mix of hourly fees for some services and fixed fees for others.

- The current hourly fee is $40 per hour, while the fixed fees range from $180 to $2,455, depending on the service being provided. The fees have not changed in approximately 20 years and only cover a small fraction of the cost of providing these services.
Considerations in Fee Setting

- Capacity to pay
- Economic competitiveness
- Comparability to fees of other countries
- Alignment with public policy objectives
- Cumulative economic impact with other federal department fees
Fee Modernization for Aeronautical Product Approvals

- Proposing changes to CAR 104, Schedule V which include:
  - changing fees to better reflect the cost of providing services to approve aeronautical product designs;
  - removing the hard caps on hourly fees;
  - converting fixed fees to hybrid fees; and
  - introducing a range of new fees related to product certification.
Engagement Process

CAR 104 Schedule V (Aeronautical Product Approvals)

Early Awareness
Winter 2018
• Raise general awareness for Transport Canada’s Cost Recovery initiative
• Identify general concerns, support, potential issues
• Develop foundation for subsequent stages of engagement

Preliminary Feedback
Winter/Spring 2018
• Create awareness for stakeholders, industry, and other government departments of fee changes for Aeronautical Product Approvals
• Seek initial stakeholder views on pricing options and fee structures being considered
• Refine policy proposals based on stakeholder feedback

Consultation on Fee Proposal
Fall 2018
• Build on the previous engagement stages
• Present the complete Fee Proposal, including: policy rationale, costing analysis, fee structure and pricing, factors in establishing fee, estimated revenue, regulatory amendments, service standards, implementation approach, and stakeholder engagement

Canada Gazette Part I
Proposed Spring 2019
• Seek public comments on regulatory proposal
• Take comments into consideration to finalize regulatory proposal

Canada Gazette Part II
Proposed Fall 2020
• Coming into force of revised fees

Publication in Canada Gazette Part I

CARAC (February 2018)

• Face-to-face with large stakeholders (March 2018)
• Videoconference with mid-sized and regionally-based stakeholders (April 2018)
• Information webinars for all other stakeholders (April 2018)

• Fee Proposal consultation website
• Communications products
• Face-to-face briefings
• Presentations at existing stakeholder events
We need your written feedback! What considerations would help support your business transition to the new fee structure?

Looking for input on how to address some concerns specifically around predictability and cost certainty.

Other matters under consideration:
- Delaying the coming into force of the hourly portion of hybrid fees;
- Making some of the proposed hybrid fees fixed fees again;
- Introducing a lower threshold – if a project took an insignificant number of TC hours there would only be a nominal fee.
Questions or Comments?
We want to hear from you

Contact: CARRAC@tc.gc.ca.