TC TRANSFORMATION

FEE MODERNIZATION

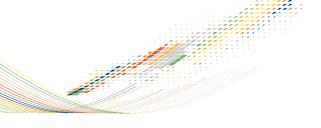
National Delegates Conference November 14 2018





Transport Canada





Agenda

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

Service Fees Act (2017)

Annual Reporting

- Report on costs of providing service
- Report on revenues generated by fees

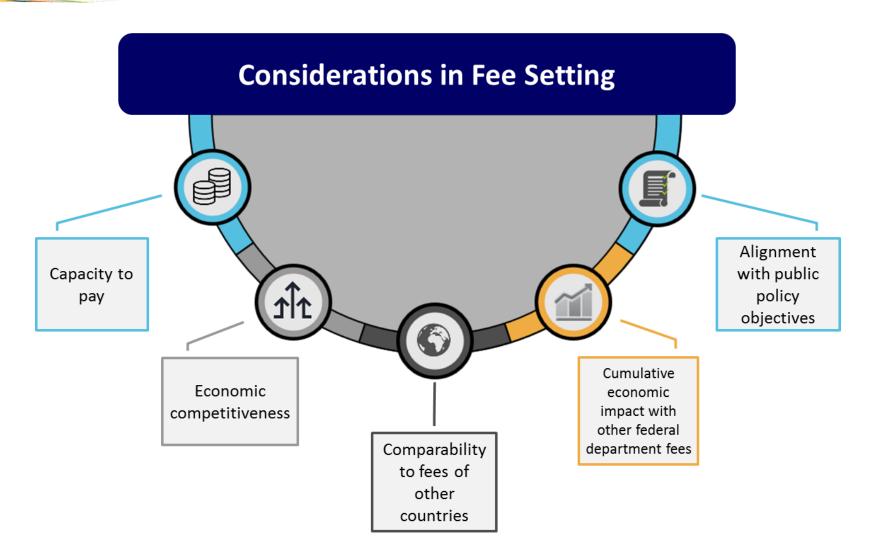
Remission Policy

 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



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



Winter/Spring 2018



Consultation on Fee Proposal

Fall 2018



Canada Gazette Part I

Proposed Spring 2019



Canada Gazette Part II

Proposed Fall 2020

- Raise general awareness for Transport Canada's Cost Recovery initiative
- Identify general concerns, support, potential issues
- Develop foundation for subsequent stages of engagement

CARAC (February 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
- Face-to-face with large stakeholders (March 2018)
- Videoconference with midsized and regionally-based stakeholders (April 2018)
- Information webinars for all other stakeholders (April 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
- Seek public comments on regulatory proposal
- Take comments into consideration to finalize regulatory proposal

Publication in Canada Gazette Part I Coming into force of revised fees

Fee Proposal consultation website

- Communications products
- Face-to-face briefings
- Presentations at existing stakeholder events

Addressing Concerns

- 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 <u>hourly</u> 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.