



# CAAB'S CHARGING SCHEME



Notice of Intent  
31<sup>st</sup> August, 2020



## NOTICE OF INTENT:

### CAAB's proposed new charging scheme

The Civil Aviation Authority of The Bahamas (CAAB) is proposing to implement a charging scheme for air navigation services (ANS) and regulatory oversight services, effective March 1, 2021.

The CAAB is proposing to create the following ANS charges, which will fund the provision of air navigation services being delivered to enhance the quality and efficiency of air traffic operations at the terminal and en-route stages of the flight:

- **Domestic landing fee:** Applicable to all aircraft performing a domestic operation with origin and destination in The Bahamas, for all the airports open to civil aircraft. Approach and take-off operations will be considered as a single service when applying this charge. This fee will be based on the aircraft's maximum take-off weight (MTOW), as certified by the aircraft manufacturer.
- **International landing fee:** Applicable to all aircraft performing an international operation where the destination is an aerodrome in the sovereign territory of The Bahamas. This charge will be applied for all airports own or operated by the Government of The Bahamas, and will be based on the aircraft's maximum take-off weight (MTOW), as certified by the aircraft's manufacturer.
- **Overflight fee:** Applicable to all aircraft not taking-off nor landing in The Bahamas, yet flying over The Bahamas' sovereign airspace. This charge will be applied on a per flight basis. The overflight fee will be based on the aircraft's maximum take-off weight ("MTOW"), as certified by the aircraft's manufacturer, and on the Great Circle Distance ("GCD") flown within The Bahamas' sovereign airspace.

The proposed ANS charges will apply to the geographical scope of the sovereign airspace, which is the boundary of The Bahamas plus 12 nautical miles (see Annex).

The new overflight fee supersedes current overflight fees charged by the US Federal Aviation Administration ("FAA") and Cuba's Air Navigation Company ("ECNA"), and hence, no airspace user will be double charged.



The proposed ANS charges are structured as follows:

Aircraft MTOW (LBS)	Domestic landing fee (BSD)	International landing fee (BSD)	Overflight fee (BSD)
Up to 22,000	10.00 per landing	20.00 per landing	10.00 per 100 nm
From 22,001 to 44,000	20.00 per landing	40.00 per landing	20.00 per 100 nm
From 44,001 to 88,000	35.00 per landing	70.00 per landing	35.00 per 100 nm
From 88,001 to 132,000	45.00 per landing	90.00 per landing	45.00 per 100 nm
Over 132,000	61.00 per landing	122.00 per landing	61.00 per 100 nm

**ANS charges**

The following aircraft will be exempted from payment of the ANS charges:

- Aircraft engaged in search and rescue operations or emergency medical services.
- Aircraft performing an emergency landing at an airport other than the airport of its intended destination.
- Aircraft operated by private users and powered by a piston engine.
- Aircraft owned or chartered by the Government of The Bahamas.
- Aircraft belonging to the Armed Forces or Governments of ICAO member states.

Furthermore, the CAAB is proposing to create the following passenger levies, earmarked to assist with the cost of providing regulatory oversight, which facilitates achievement of the broader aviation safety objective.

- **Domestic passenger levy:** Applicable to all passengers of a domestic flight with origin and destination in The Bahamas. This charge will be applied on a per flight basis.
- **International passenger levy:** Applicable to all passengers of an international flight with origin or destination in The Bahamas. This charge will be applied on a per flight basis.

The proposed regulatory oversight levies are structured as follows:

Passenger	Passenger levy (BSD)
Domestic	1.00 per flight and passenger
International	1.00 per flight and passenger

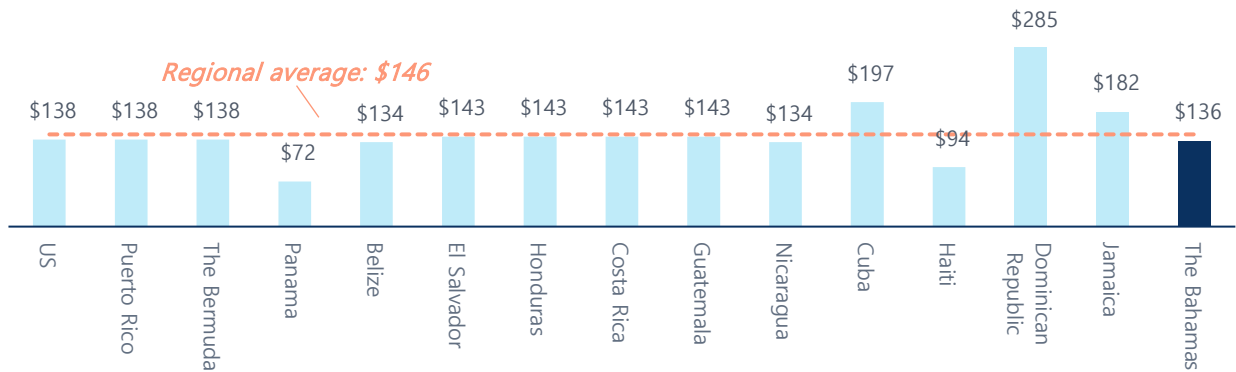
**Regulatory oversight levies**

### Comparison with regional ANS charges

The following graph compares the proposed ANS charges with the regional charging schemes. The overflight fee for an Airbus A320 or Boeing B737 has been benchmarked with those applied in the region. Since the overflight fee depends on the distance flown, the final charge has been



calculated over a 223 nautical miles overflight (average overflight in The Bahamas' sovereign airspace).



**Overflight fee (BSD) comparison.** Source: ICAO's Doc 7100 and current countries' AIPs

The chart shows that the proposed charging scheme is aligned with regional benchmarks, and therefore sets competitive fees for the airspace users. Landing fees have been calculated based on equality among airspace users, establishing the same cost per nautical mile for the average domestic and international flight (note that the international landing fee covers both the arrival and departure flights).

### Minimum impact on passenger ticket

When accounting for both the passenger levies and ANS charges, the average charge per aircraft seat equates to less than BSD1.60 for domestic and international landings, as well as for overflight operations. Therefore, the proposed charging scheme has a minimum impact on the passenger ticket price and on the aircraft operators' competitiveness.

### CAAB's charging scheme motivation

The Bahamas is recognized as one of a few nations that do not charge ANS charges. Hence, new revenue streams for the provision of air navigation services and regulatory oversight have been explored to promote the safety, security, economic viability, and reliability of the aviation sector in The Bahamas. The new revenue streams will permit the CAAB to:

- Reduce the burden on fiscal resources currently funding these activities.
- Finance critical upgrades and modernize the airspace structure and communication, navigation and surveillance (CNS) infrastructure.
- Fund strategic investments in the regulatory oversight activities of the aviation sector, thereby enhancing the compliance with the International Civil Aviation Organization's (ICAO) standards and recommended practices, and The Bahamas' safety audit outcomes.
- Improve the ANS capabilities and manpower capacity in the country.



## **No change in the service provision**

The Bahamas' sovereign airspace management falls under three (3) separate agencies: The Bahamas' Air Navigation Services Division (BANSD) of the CAAB – the domestic service provider, the FAA and ECNA. The Bahamas derives no revenue streams from this current management structure.

Recognizing the need for The Bahamas to continue relying on an outsourced ANS model for the foreseeable future, it is envisaged that the FAA and ECNA will continue to manage the Bahamian airspace, together with BANSD. Therefore, the en-route and terminal ANS provision services will remain unchanged and the airspace users should experience no impact at the operational level. On this basis, transitioning to the new charging scheme will not require any adaptation in their daily operations.

The CAAB will defray the cost of the service providers (FAA and ECNA) for the management of The Bahamas' sovereign airspace.

## **Compliance with ICAO's Policies on ANS charges**

The rationale behind the calculation of the proposed ANS charges is consistent with ICAO's Policies on Charges for Airports and Air Navigation Services. ICAO's Policies require that service providers consider factors ranging from the appropriateness of the ANS charges to the cost of providing the services, ensuring transparency, and avoiding discrimination among users, and applying uniform and equitable conditions to all airspace users.

The ANS charges have been calculated following a cost-recovery approach that will allow the BANSD to become economically self-sustainable, covering its projected operating and capital expenditures. These ANS charges also include the cost of the service provision by the FAA and ECNA, which follow the same approach and will be based on a cost-recovery scheme.

The proposal is a simple and competitive ANS charges regime for airspace operators, as well as a fair regulatory oversight levy for the civil aviation regulator and end-users (the passengers).

Therefore, the CAAB (and BANSD) will reinvest all the revenues generated by the proposed charging scheme in The Bahamas' civil aviation sector, to support the development of ANS and regulatory oversight service in the country.

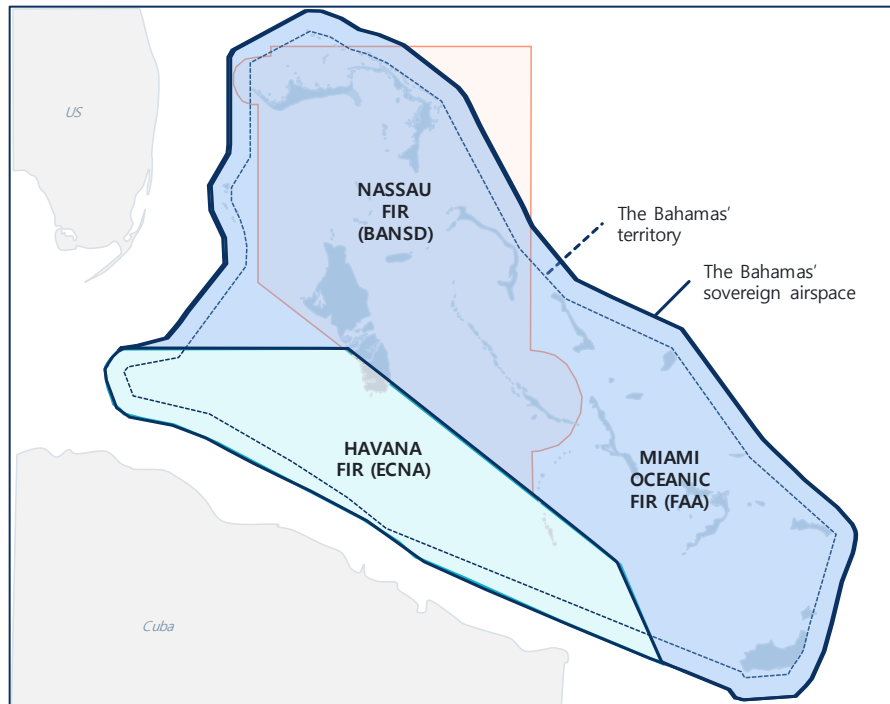
## **Questions and concerns**

Please direct any questions regarding this Notice of Intent to Director General, Civil Aviation Authority of The Bahamas, Blake Road, P.O. Box N-975, Nassau, The Bahamas, Telephone No. (242) 397-1400 and Email [directorgeneral@bcaabahamas.com](mailto:directorgeneral@bcaabahamas.com).



## ANNEX. THE BAHAMAS' SOVEREIGN AIRSPACE

The figure below illustrates the geographical scope of the proposed charging scheme, which targets at the full extension of The Bahamas' sovereign airspace.



**The Bahamas' sovereign airspace (illustrative)**