

# THE CAAB'S CHARGING SCHEME

Consultation meeting with airspace users

18<sup>th</sup> November 2020



# The Bahamas intends to establish a charging scheme for its sovereign airspace to fund the provision of Air Navigation Services (ANS) and Regulatory Oversight

## Key insights

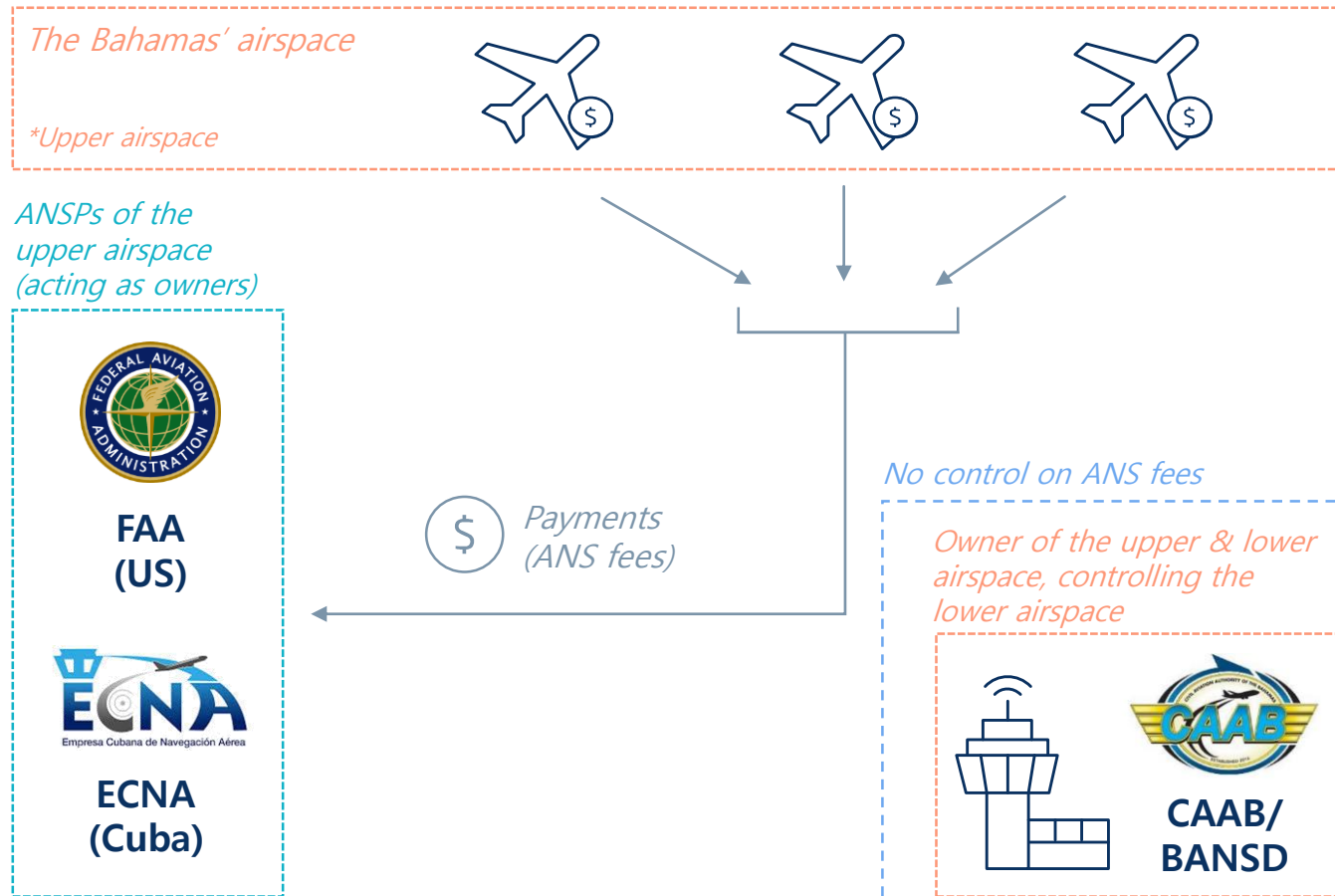
- 1** The Bahamas intends to impose a new charging scheme for the provision of ANS and regulatory oversight in its sovereign airspace, which is currently being performed by **The Bahamas** (CAAB, BANSD), **the US** (FAA) and **Cuba** (ECNA)
- 2** The charging scheme for ANS is being developed and introduced to finance The Bahamas' investment in its aeronautical sector and **eliminate dependence on State funding**. The Bahamas' sovereign airspace revenues will be fully reinvested in the Bahamian aeronautical sector
- 3** The proposed charging scheme has a **minimum impact on the aircraft operators** that fly within the Bahamian airspace (**around \$1.50 per aircraft seat**)
- 4** It will establish a **unified ANS charging scheme** for the **entire Bahamian sovereign airspace**, where the **FAA and ECNA** will continue to provide the **en-route ANS**, and the **BANSD (CAAB)** will continue to provide the **terminal ANS**, with no change at the operational level
- 5** This initiative seeks the support of the airspace users, who will be the main contributors to the new charging scheme, but also the **main beneficiaries of an improved ANS provision**

The CAAB's Notice of Intent was publically disseminated on the 31<sup>st</sup> August 2020, the CAAB's intends to effectively implement the charging scheme by the 1<sup>st</sup> March 2021



The Bahamas' aeronautical sector is fully sustained by State's funds since the airspace users pay the ANS fees directly to the US (FAA) and Cuba (ECNA)

### Current charging scheme without The Bahamas intervention



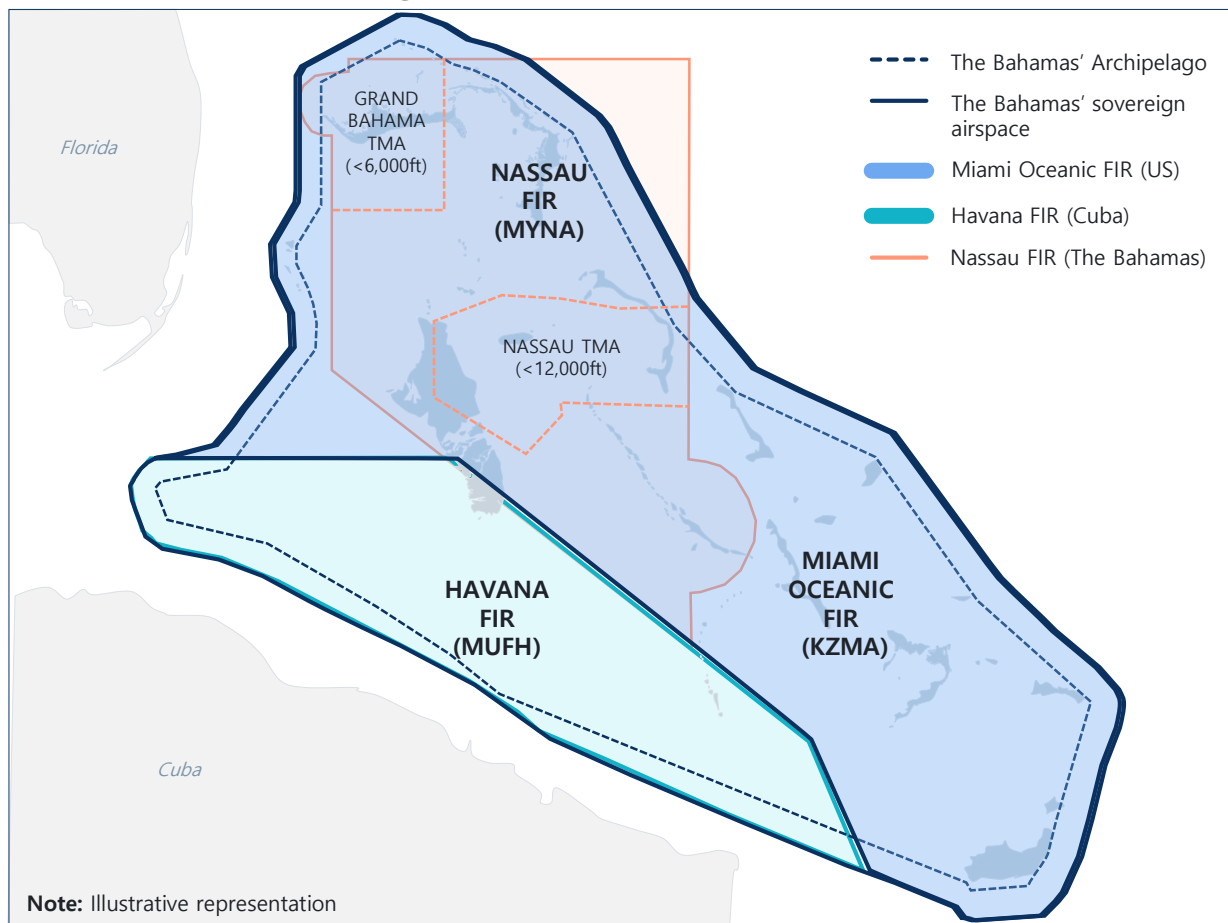
### Current situation

- **US and Cuba manage** The Bahamas' **Upper Airspace**, collecting their own ANS fees directly from the airspace users
- **The Bahamas** is the **owner of the Upper Airspace**, however, it has no control on the **ANS fees** and no visibility on the **overflight traffic data**
- **CAAB/BANSO manages** The Bahamas' **Lower Airspace**, but it does not charge airspace users any fee for its service provision
- Therefore, **CAAB/BANSO** is fully funded by **State's budget**, which limits the investments in ANS infrastructure and the capacity building in the country

The US and Cuba are collecting the ANS fees from airspace users without The Bahamas intervention, which is limiting The Bahamas' capacity to make the necessary ANS infrastructure investments, currently funded with State's budget

The Bahamas has the international right of managing its sovereign airspace, which is currently done by the CAAB (BANSD), the US (FAA) and Cuba (ECNA)

## The Bahamas' sovereign airspace

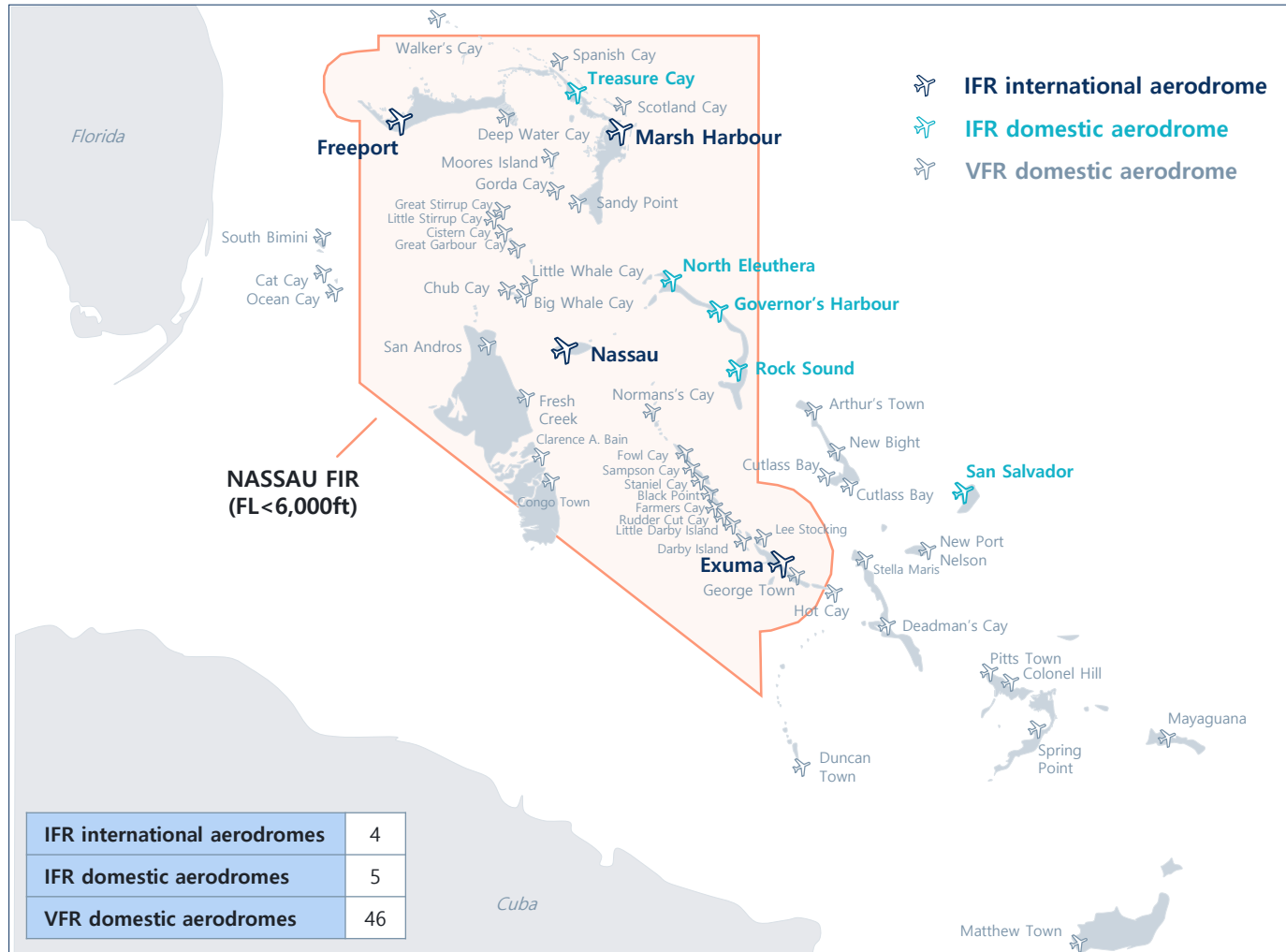


- The Bahamas has the **sovereign right** of the airspace over its Archipelago and its territorial seas
- **Nassau FIR (BANSD, The Bahamas)** extends up to 6,000 ft, being smaller than the Bahamian sovereign airspace
- **Miami Oceanic FIR (FAA, US)** covers 75% of the Bahamian sovereign airspace, charging overflight fees only to flights with no origin or destination in the US (US and Bahamian carriers are exempted)
- **Havana FIR (ECNA, Cuba)** covers 25% of the Bahamian sovereign airspace, charging en-route ANS fees to all the flights that operate within its boundaries
- The Bahamas has the right to determine the ANS management of its **entire sovereign airspace**

The CAAB (BANSD) provides the terminal ANS within the Nassau FIR (lower airspace), for which it does not charge airspace users with any fee; therefore, BANSD is fully funded by State's budget, which limits the service provision level

The Bahamas has an extensive aerodrome network, key for the Archipelago's connectivity, which is supported by a very-limited ANS infrastructure

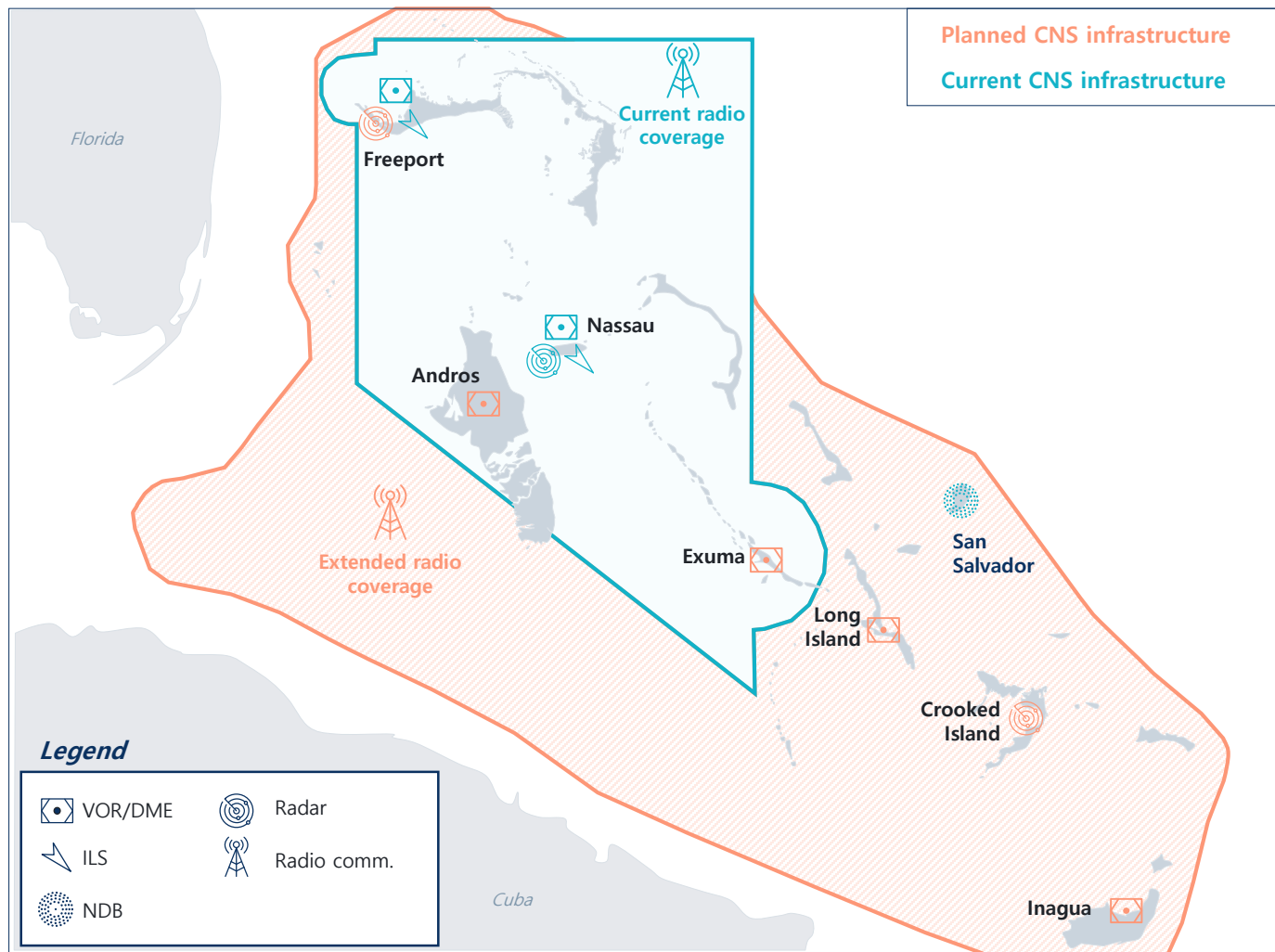
## Aerodrome infrastructure



- The lower airspace holds the traffic of an **extensive network** of 55 aerodromes
- **Nassau and Freeport** are the main airports of the country, holding **IFR operations**, and concentrating most of the international and domestic flights in the country
- This network faces also a high level of **non-scheduled traffic**, operating in **uncontrolled VFR aerodromes**
- **Most of the Bahamian lower airspace is uncontrolled**, users are not provided with basic ANS
- The CAAB intends to progressively **expand Nassau FIR** to the full sovereign airspace, enhancing the **accessibility** to the whole network of aerodromes

The CAAB's aims at deploying modern CNS infrastructure based on a responsible approach to enhance safety, security, efficiency and accessibility

## CNS infrastructure development plan (2021-27)



### Communication infrastructure

- **Radio communications**
  - Technological upgrades
  - Extended coverage
  - Network link robustness

### Navigation infrastructure

- **DVOR/DME** network in the Archipelago for conventional navigation and to back-up PBN
  - Exuma, Andros, Long Island, and Inagua
- **ILS** replacement at Nassau and Freeport

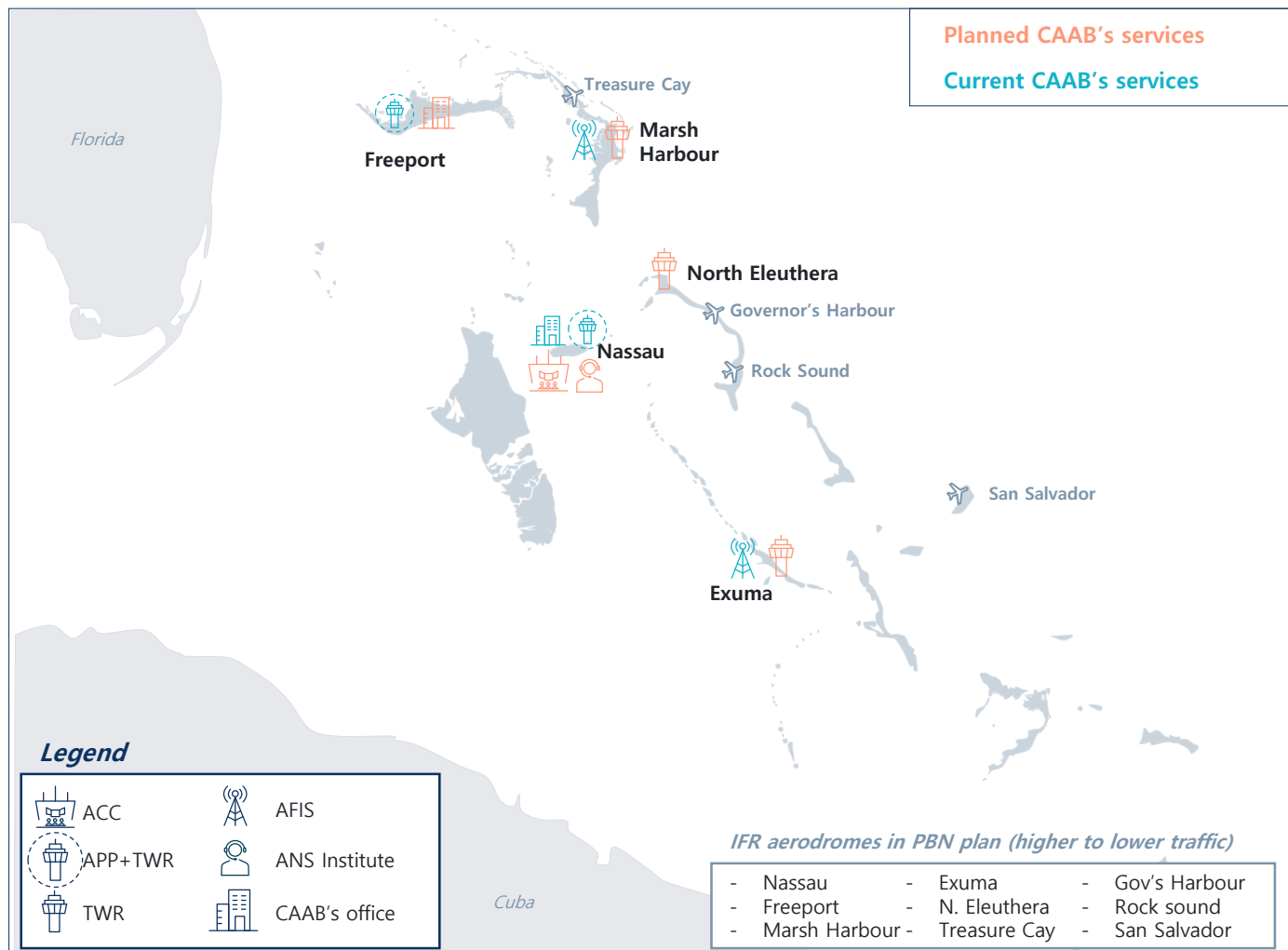
### Surveillance infrastructure

- **CAAB's own surveillance network** for operational and billing purposes
- **ADS-B** standalone station at Freeport
- Nassau radar upgrade for **ADS-B**
- **PSR2D/MSSR** sites at Freeport and Crooked island



# The CAAB's investment plan develops the CAAB's service offer in an incremental approach based on technology and the personnel capacity-building

## CAAB's service development plan (2021-27)



### CAAB's new services

- **ANS Training Institute** in Nassau
- **CAAB's satellite office** in Freeport
- **AIS upgrade to AIM**

### Terminal ANS improvement

- **ATC service** at North Eleuthera, Exuma, and Marsh Harbour
- **PBN STARs, SIDs, and approaches** at IFR aerodromes
- **SBAS coverage** study
- **Aerodrome basic information** update for VFR aerodromes

### En-route ANS improvement

- **Upper airspace CONOPS** (seamless airspace) and redesign (if applicable)
- **ACC facilities** for en-route ANS (expansion of Nassau FIR):
  - Nassau's TRACON upgrade (to work as the main ACC)
  - Independent new ACC (to work as the back-up ACC)

The CAAB's proposed charging scheme is simple, cost-reflective, non-discriminatory and proportionate to fund only the CAAB's OpEx and CapEx

### CAAB's Notice of Intent

Charging scheme	MCTOW	Fee
<b>Domestic landing fee</b> ( $\frac{\text{USD}}{\text{landing}}$ )	0-10 tonnes	\$10.00
	10-20 tonnes	\$20.00
	20-40 tonnes	\$35.00
	40-60 tonnes	\$45.00
	>60 tonnes	\$61.00
<b>International landing fee</b> ( $\frac{\text{USD}}{\text{landing}}$ )	0-10 tonnes	\$20.00
	10-20 tonnes	\$40.00
	20-40 tonnes	\$70.00
	40-60 tonnes	\$90.00
	>60 tonnes	\$122.00
<b>Overflight fee</b> ( $\frac{\text{USD}}{100 \text{ nm}}$ )	0-10 tonnes	\$10.00
	10-20 tonnes	\$20.00
	20-40 tonnes	\$35.00
	40-60 tonnes	\$45.00
	>60 tonnes	\$61.00
<b>Domestic passenger levy</b>	\$1.00 <i>per arriving/departing passenger</i>	
<b>International passenger levy</b>	\$1.00 <i>per arriving/departing passenger</i>	

Updated

### Proposed amendment

Charging scheme	MCTOW	Fee
<b>Terminal Air Nav. fee</b> ( $\frac{\text{USD}}{\text{flight}}$ )	0-10 tonnes	\$10.00
	10-20 tonnes	\$20.00
	20-40 tonnes	\$35.00
	40-60 tonnes	\$45.00
	>60 tonnes	\$61.00
<b>Overflight fee</b> ( $\frac{\text{USD}}{100 \text{ nm}}$ )	0-10 tonnes	\$8.90
	10-20 tonnes	\$17.90
	20-40 tonnes	\$31.30
	40-60 tonnes	\$40.20
	>60 tonnes	\$54.50
<b>Passenger levy</b> ( $\frac{\text{USD}}{\text{PAX} \cdot \text{flight}}$ )	\$1.00 <i>per arriving/departing passenger</i>	

Subject to further adjustments\*

### CAAB's charges

- **Terminal Air Navigation fee** is charged to O/D traffic
- **Overflight fee** is charged to overflying aircraft
- **Passenger levy** is charged to O/D passengers

### ANS fees exemptions

- **Commercial and cargo aviation** is subject to ANS fees
- **General Aviation (private users):**
  - **Jet engine aircraft** are subject to ANS fees
  - **Single piston-engine aircraft** are exempted
- **Other users** (military, medical flights, emergency landings, SAR activities, state's aircraft) remain uncharged

\*based on ECNA and FAA ongoing negotiations

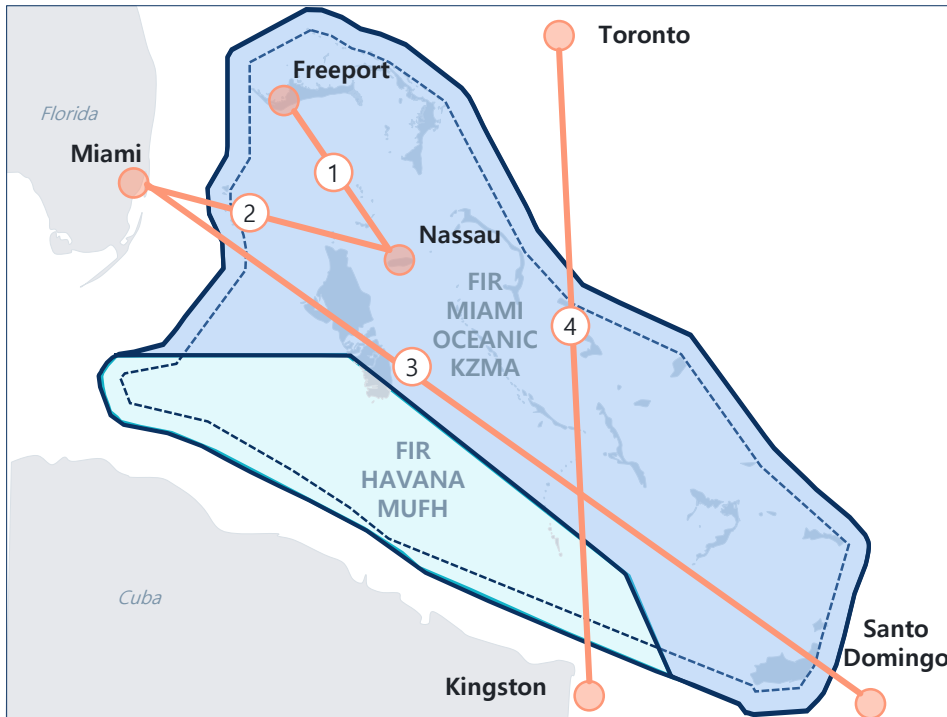
The CAAB's Notice of Intent has been updated to reflect (i) IATA's feedback (eliminating the differentiation between Dom. and Intl. traffic), and (ii) the status of the negotiation with the US and Cuba (reducing the overflight fee)





The CAAB's proposed charging scheme establishes ANS fees and a passenger levy, which are separately applied to O/D flights and overflights

**Illustrative routes & charges**



#	O/D	Aircraft	Terminal A. N. fee (USD)	Overflight fee (USD)	PAX levy (USD)	Total (USD)
1	Nassau / Freeport	ATR-42	20.00	-	42.00	62.00
2	Miami / Nassau	ERJ-175	35.00	-	76.00	111.00
3	Miami / S. Domingo	B737-800	-	305.20	-	305.20
4	Toronto / Kingston	A319-100	-	190.75	-	190.75

**Hypotheses to calculate the CAAB's charges:**

- **Flight #1** assumes 42 passengers and 16,700 kg MCTOW
- **Flight #2** assumes 76 passengers and 21,810 kg MCTOW
- **Flight #3** assumes 560 nm and 70,530 kg MCTOW
- **Flight #4** assumes 350 nm and 64,000 kg MCTOW

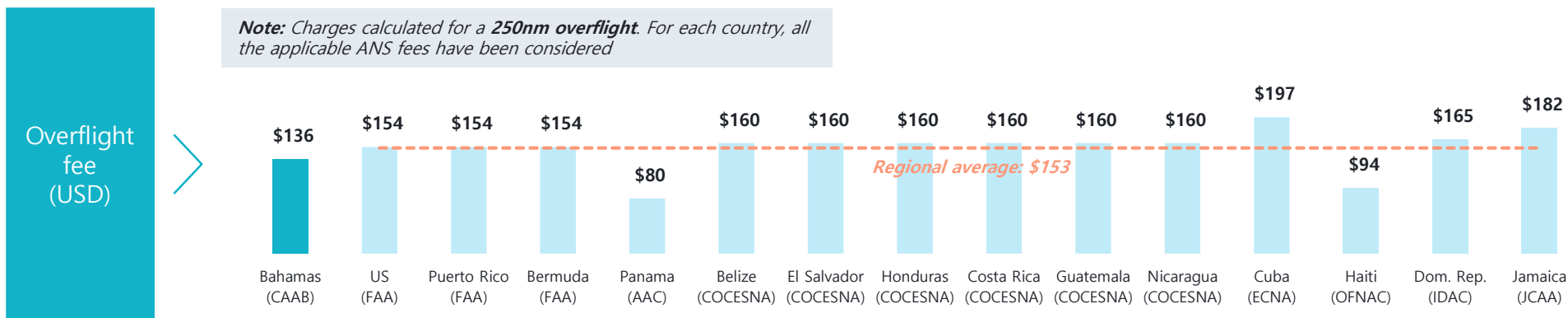
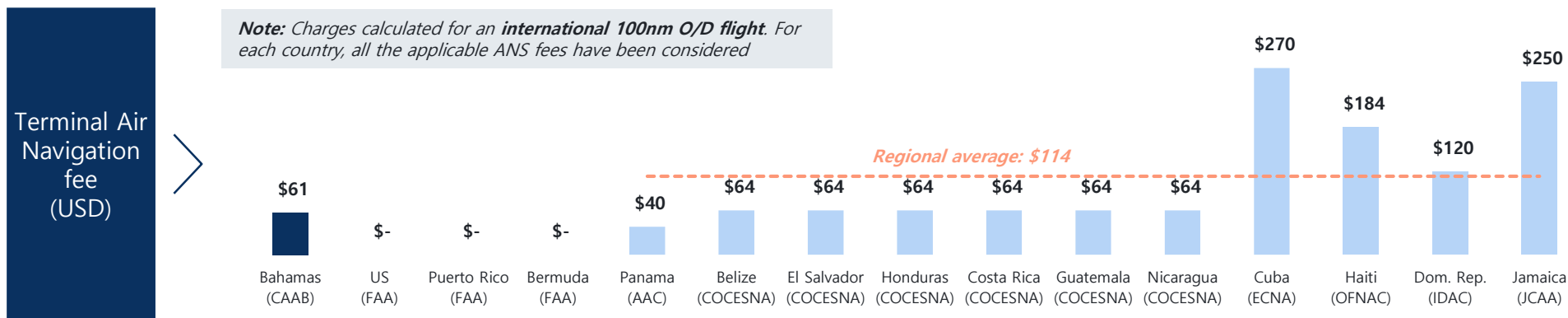
Note: MCTOW stands for the aircraft's Maximum Certified Take-Off Weight

O/D flights in The Bahamas will be subject to the Terminal Air Navigation Fee and the Passenger Levy;  
Overflights of The Bahamas' airspace will be subject to the Overflight Fee



The ANS fees have been compared against regional benchmarks, showing that the proposed scheme is indeed competitive for the airspace users

### ANS fees benchmark (USD) – B737-800 (77,333 kg MCTOW, 189 seats)



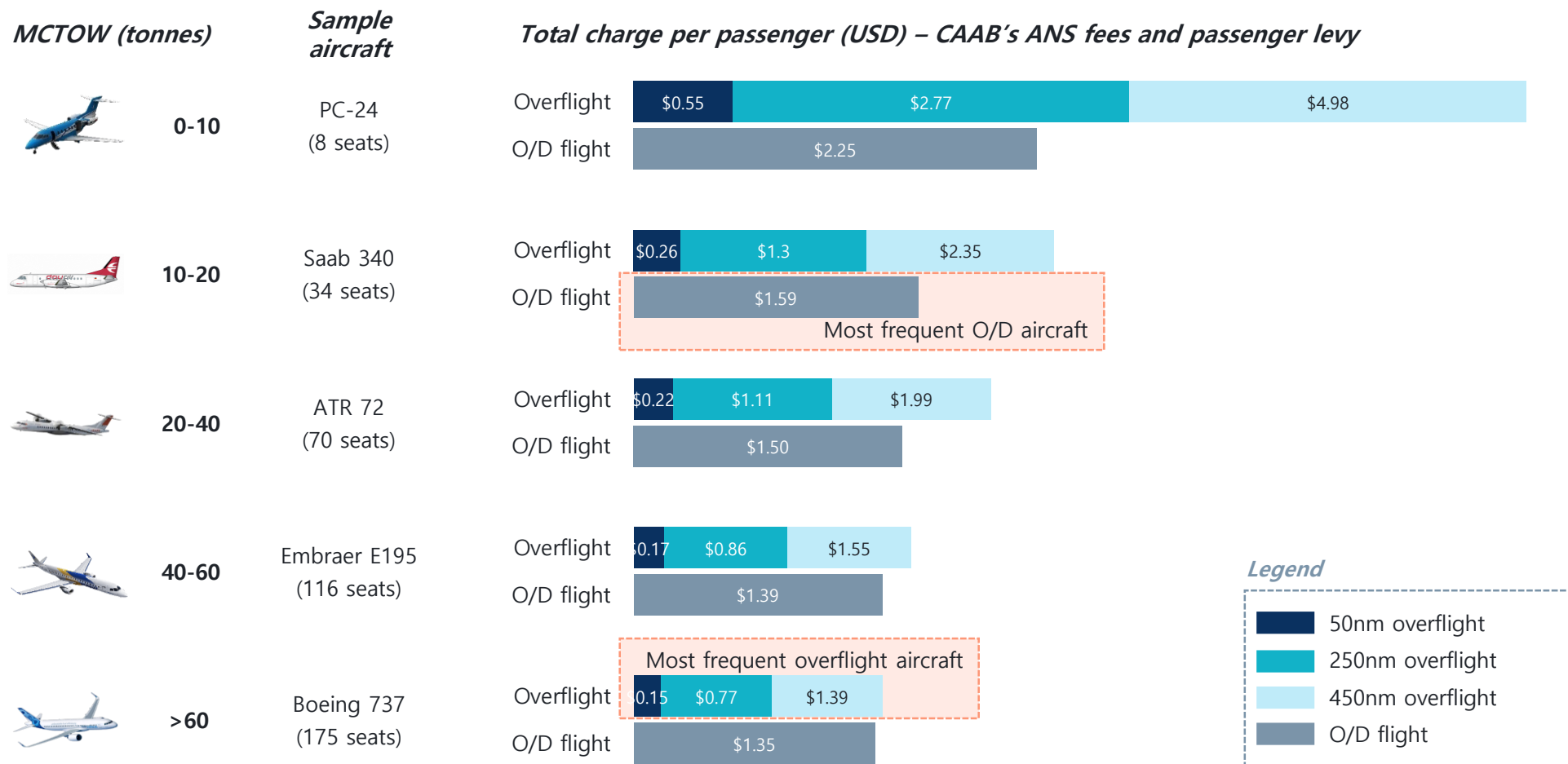
- FAA's overflight fee (2019): US, Puerto Rico, The Bermuda
- ICAO Doc 7100 (ed. 2016): Panama ('14), Haiti ('12), Jamaica ('14)

- COCESNA eAIP: Belize, El Salvador, Honduras, Costa Rica, Guatemala, Nicaragua
- AIPs: Cuba ('19), Dominican Republic ('18)



The average charge per passenger will be 1.5 USD per flight, minimizing the impact on the end-user and protecting the airlines' business

### Charge per aircraft seat (USD)



Note: O/D charge per seat calculation includes both the Terminal Air Navigation fee and the PAX ticket levy (1.0 USD per passenger)

The proposed ANS fees will have a negligible impact on the operation of main traffic routes connecting The Bahamas' aerodromes

### Nassau-Freeport (round-trip): +1.5% ticket price

	Origin	Destin.	Ticket cost	US fees & taxes	Airport charges				CAAB's charges		VAT (12%)	Selling price
					PAX dep. tax	Airport tax	Facility fee	Security fee	TANS fee	PAX levy		
Current situation	Nassau	Freeport	80.00	-	-	-	18.00	7.00	-	-	12.60	222.88
	Freeport	Nassau	80.00	-	-	-	8.00	6.00	-	-	11.28	
Proposed scheme	Nassau	Freeport	80.00	-	-	-	18.00	7.00	0.50	1.00	12.78	226.24 (+3.36)
	Freeport	Nassau	80.00	-	-	-	8.00	6.00	0.50	1.00	11.46	

Source: Bahamasair round trip ticket: 18/11/2020 – 25/11/2020, Note: ATR72-600 (70 passengers, 22,800 kg MCTOW)

### Miami-Nassau (round-trip): +0.9% ticket price

	Origin	Destin.	Ticket cost	US fees & taxes	Airport charges				CAAB's charges		VAT (12%)	Selling price
					PAX dep. tax	Airport tax	Facility fee	Security fee	TANS fee	PAX levy		
Current situation	Miami	Nassau	116.00	10.10	-	-	-	-	-	-	-	351.79
	Nassau	Miami	116.00	16.85	29.00	10.00	38.00	9.00	-	-	6.84	
Proposed scheme	Miami	Nassau	116.00	10.10	-	-	-	-	0.48	1.00	0.18	355.10 (+3.31)
	Nassau	Miami	116.00	16.85	29.00	10.00	38.00	9.00	0.48	1.00	7.02	

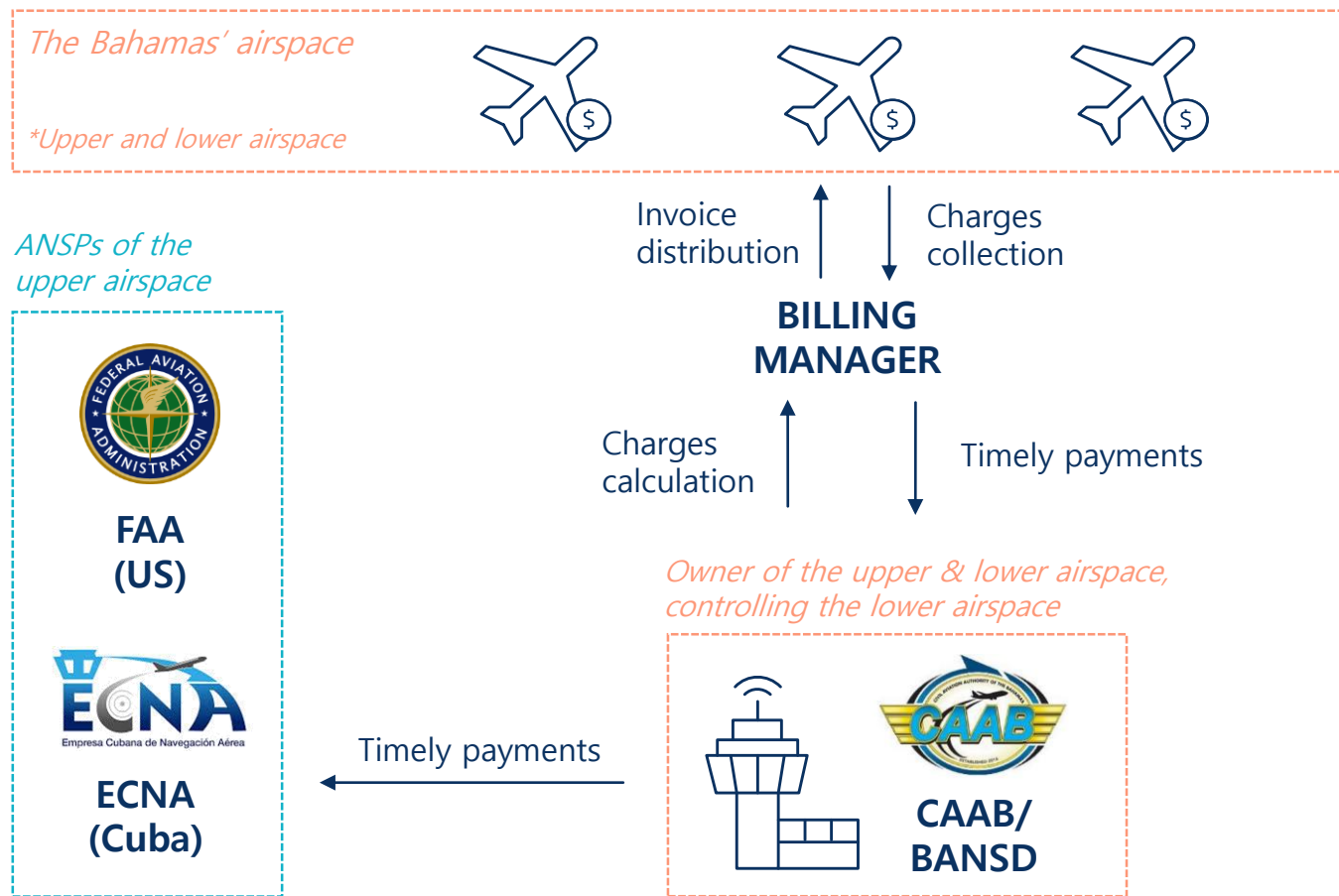
Source: Bahamasair round trip ticket: 25/11/2020 – 02/12/2020, Note: B737-790 (128 passengers, 66,320 kg MCTOW)

The CAAB's charges will increase the ticket selling price between 0.9-1.5% for the main O/D traffic routes in The Bahamas (when considering Bahamasair's operation)



The Bahamas will become accountable for its own airspace, and thus charge airspace users, targeting 1<sup>st</sup> March 2021 for the new scheme entry-into-force

## New charging scheme with The Bahamas taking responsibility



### Proposed situation

- **CAAB/BANSD** will assume **the control** on the **collection of ANS fees**
- The **Billing Manager** will be a third party to which the service will be outsourced
- **The FAA and ECNA** will continue to provide the **en-route ANS** within the Miami Oceanic FIR and the Havana FIR, respectively
- **The CAAB/BANSD** will continue to provide the **terminal ANS** within the Nassau TMA and Grand Bahama TMA
- **The CAAB/BANSD** will **expand the Nassau FIR progressively**:
  - Laterally, to cover the entire Bahamian sovereign airspace
  - Vertically, to better support the FAA and ECNA's en-route ANS provision

The FAA and ECNA will continue as the en-route ANSPs: The Bahamas will compensate them the service provision, so that they should not charge airspace users with any fee related to operating within the Bahamian airspace

The CAAB is open to receive the airspace users' comments to the proposed charging scheme in written format, which will be answered at due time

### **Airspace users consultation period**

- **31<sup>st</sup> August 2020 – Publication of the CAAB's Notice of Intent**
- **4<sup>th</sup> September 2020 – Pre-Consultation Meeting with IATA**
- **18<sup>th</sup> November 2020 – Meeting to advance the consultation process with airspace users**
- **30<sup>th</sup> November 2020 – Deadline for submitting feedback to the CAAB**
  - Written comments should be sent, via electronic mail, to the following address: [directorgeneral@bcaabahamas.com](mailto:directorgeneral@bcaabahamas.com), stating the following subject: *CAAB Charging Scheme – Consultation Meeting*
  - The originator of the comment should be identified in the email (as well as the organization he/she represents, if applicable), stating an appropriate electronic address to receive the CAAB's answer
- **11<sup>th</sup> December 2020 – Deadline for the CAAB to answer to airspace users' feedback**
  - The CAAB will process the comments within two weeks and will publish the response on the CAAB's website
- **21<sup>st</sup> December 2020 – Meeting finalizing the consultation process**
- **31<sup>st</sup> December 2020 – Planned date for the publication of the Notice of Imposition**
- **31<sup>st</sup> January 2021 – Update of The Bahamas' Aeronautical Information Publication (AIP)**

The CAAB's charging scheme will become effective the 1<sup>st</sup> March 2021







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