



Air Traffic Specialists
Local 2245 CAW Canada
Spécialistes de la Circulation Aérienne TCA Canada

NATIONAL BULLETIN 2003-02

INCREASE IN RENT FOR IPA ACCOMODATIONS February 19, 2003

Nav Canada has advised Local 2245 that the rent for Company accommodations at some IPA sites will increase. As Local 2245 has the most members in Nav Canada IPA sites, this will affect our membership the greatest.

Nav Canada inherited a formula and Living accommodations guideline from Transport Canada in 1996 that calculated a member's rent for the type, location, marital status, dependants, etc. of his/hers accommodation for IPA sites. However, this formula was not applied consistently to all employees of Nav Canada which resulted in some members paying more or less than they should.

Effective in May, the Company has advised the Union that the formulae has been recalculated for all employees living in IPA sites such that it shall be updated and applied in line with the Living Accommodation Guidelines.

Some members, who face an increase, can expect an average increase in rent of 17.8% according to Company documents depending on location (site and province/territory).

In addition, it has been determined that the tax benefit associated with rents in northern sites has not been calculated appropriately. As a result, commencing for the 2002 tax year, the company has adjusted the taxable benefit so that both employees and the company are in compliance with the Income Tax Act.

Attached is a bulletin provided by the Company, which outlines these points in more detail.

This is, of course, unreasonable in large part due to mistakes on the part of the Company and in part to our members not seeing an increase in salary for 22 months.

P.O. Box/C.P. 130 Gatineau Qc J8P 6J2
Tel. (819) 643-1329. Fax: (819) 669-4932

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Those sites affected will be Churchill, La Ronge, High Level, Norman Wells, Iles de la Madeleine – Radisson, Inuvik, Rankin Inlet, Iqaluit, St. Anthony, Kujjuaq, Wabush, Kuujjuarapik and Yellowknife.

The Union is closely examining the NCJCs to ensure that all policies and guidelines have been followed.

Should you have any questions, contact your regional VP.

The Executive Board – CAW 2245 ATS

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Briefing Note

Rents Associated with NAV CANADA Provided Housing in Isolated Posts

Part A: Housing & Taxable Benefit

Background:

- NAV CANADA has employees at designated Isolated Posts and under the NCJC Living Accommodations Guidelines provides rental housing. Based on an established formula, rental rates are charged to the employees and collected from their pay
- The provision of housing to an employee by an employer gives rise to a taxable benefit which is to be included as part of employment income on the employee's annual T4. However, the amount of this benefit is reduced by any rent paid by the employee. In recognition of the high cost of housing in the north, Canada Customs and Revenue Agency (CCRA) has capped the maximum amount of the taxable benefit for most locations in prescribed zones. (Year 2002 was \$906 for houses and \$558 for apartments).
- In certain locations where CCRA has determined there is an developed rental market , they require that the full Fair Market Value (FMV) for each unit be used as the basis of determining the benefit. The amount of rent NAV CANADA pays third parties for the units is deemed to be FMV. For NAV CANADA this effects employees in Yellowknife, Wabush/Labrador City, and St. Anthony in 2002, with Yellowknife having rents significantly greater than the ceiling value and the Newfoundland and Labrador locations with lower values.
- NAV CANADA Taxation department conducted a review of housing taxable benefits and found the treatment of this taxable benefit was inconsistent with CCRA regulations

Action Taken:

- The appropriate taxable benefit for 2002 based on the prescribed CCRA ceiling amounts for the employees address and city less the rent collected has been determined
- The T4s have been prepared to reflect the taxable benefit
- Each employee affected is to receive with their T4 statements week of February 10th a personalized letter indicating the amount
- Most employees in Nunavut and NWT have had a housing taxable benefit reflected on their bi-weekly pays with corresponding taxes withheld, but not the correct amounts. Therefore, the adjustments to taxable benefit amounts are not as great as for those where no benefit was reported and tax withheld.
- In the case of 24 employees in NWT and NU, the amount of their taxable benefit will actually be lower than what was reflected in the pay system during the year.
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Impact to Individuals

- The average estimated tax owing in Eastern Canada is \$1,600 with a high of \$3,700. In the West (since they had some tax withheld) the average is \$1,000 with a high of \$2,450.

Part B: 2003 Rental Increases

Background:

- HR has become aware that due to previously decentralized management of the Housing Program, different systems in place to administer it and discussions on possible new program design, the elements for determining the rents to be charged have not been kept current. In particular are changes in base salary and BSV that have an impact on rent increases

Action:

- All rents have been reviewed for 2003 and the data (salary, marital status, family size, BSV) confirmed and new rents calculated
- The CCRA 2003 taxable benefit ceiling amounts have been received and the tax implications determined for each renter.
- In the same communication as Part A above, employees in NAV CANADA rented housing will be receiving notice of rent increases effective January 1, 2003-02-04

NOTE:

- Living Accommodation (Section 1.13) caps increases where
 - Annual increases in shelter charges exceed the year's market rate of escalation for the locality (read CPI for housing at the IPA location) and are due to no fault of the occupant
 - We feel this is NAV CANADA bringing everyone consistent with the guidelines. Shelter costs have gone up but less than the what would be implied by Section 1.13

Impacts to Individuals:

- Average increase in rent is 17.8%