



ASSOCIATION OF ASIA PACIFIC AIRLINES

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Dear Ms Johnson,

PROPOSED REGULATIONS AMENDING THE AIR PASSENGER PROTECTION REGULATIONS (NUMBER 51)

The Association of Asia Pacific Airlines (AAPA) is the trade association of major international airlines based in the Asia Pacific region. Its members include Air Astana, Air India, Air New Zealand, All Nippon Airways, Bangkok Airways, Cathay Pacific Airways, China Airlines, EVA Air, Garuda Indonesia, Japan Airlines, Lion Air, Malaysia Airlines, Philippine Airlines, Qantas, Royal Brunei Airlines, Singapore Airlines, Thai Airways International and Vietnam Airlines. Many AAPA member airlines operate multiple passenger and cargo flights to various points in Canada, as well as via codeshare operations with partner airlines based in Canada. We share the common goal of improving the air passenger experience in Canada.

AAPA welcomes the opportunity to provide comments to the proposed amendments to the Canadian Air Transportation Protection Regulations (APPR). The areas of concern to us are set out below.

Compensation for Inconvenience due to Flight Disruptions

We submit that the proposals to mandate airlines to provide compensation for any inconvenience experienced by passengers during flight disruption situations within an airline's control may give rise to unintended consequences. There is a real risk that this would lead to a rise in unjustified claims, such as for very minor inconveniences, that would lead to an increase in the administrative costs for processing such claims. Additional resources would be required to cope with larger volumes of claims and would eventually result in the higher cost of travel in the form of higher ticket prices. We believe that airline resources should focus on improving operational efficiency, customer experience, and service recovery. Further, we believe that a free-market environment should incentivise airlines to compete on the quality of

the service, including how they handle disruptions. Requiring airlines to provide compensation in response to delays or cancellations only serves to discourage service innovation, while there is no evidence that such an approach reduces delays or cancellations. This is because the CTA's proposed approach fails to address the root causes of the disruptions which are often outside of an air carrier's control.

Disrupted flights must depart within 24 hours of the scheduled departure time for larger carriers

Asia Pacific carriers operate long haul and ultra-long haul flights to and from Canada, and not all operate daily flights to Canada. Air carriers prioritise passenger safety and optimisation of operational efficiency, while striving to minimise delays, and avoid cancellations. CTA fails to consider that in the event of a disruption, crew rest requirements, the time needed to fly in deadhead crew from their respective overseas bases, the availability of spare parts and the time needed to procure them in a supply-starved market, all mean that it is not feasible to mandate that disrupted flights should depart within a 24-hour window.

Seating of all children under the age of 14 next to accompanying adult at no additional cost

Airlines understand the importance of seating minors together with an accompanying family member or guardian and today already have in place procedures to ensure this on a best effort basis, unless there are compelling justifications where this may not be possible, in which case the affected passengers are always informed. Hence, we question the CTA's proposal for additional communication requirements, because it is unclear to us what problem the agency is seeking to address.

Communication

Our member airlines already have well-established communication procedures for flight disruption events to ensure that affected passengers are duly informed. We question the need for imposing further prescriptive requirements on communications for flight disruptions, such as the need to communicate the reasons for the disruption without delay, when the ground staff making such announcements may themselves not be in possession of the information, because this may not be known to them immediately.

Refunds

We are opposed to the proposal to provide refunds no more than 48 hours after the time of the denial of boarding for cases of denied boarding. Such a requirement would divert airline resources from addressing the more urgent need for dealing with the causes of the disruption or denied boarding, and arranging for alternative flights for the passenger to get to their intended destination in the shortest time possible. The 48-hour rule also disregards the complex nature of global airline ticketing norms, whereby tickets are sold via multiple channels

and involves multi-parties, including direct and agency sales, and the complexities of the processes involved would require a longer timeframe than the 48-hours proposed.

We are concerned that the proposal aims to reduce the timeframe of which air carriers would be required to provide all refunds from the current 30 days to 15 days. Airlines need sufficient time to verify the veracity of each claim to ensure that the claims are legitimate and meet the refund requirements, especially given the myriad of sales channels available to consumers. The complexities are compounded for foreign airlines, as many of these processes are centrally managed at their respective headquarters located overseas. We recommend that the CTA considers maintaining the 30-day processing time for related claims.

Where international aviation is concerned, the Montreal Convention 1999 (MC99), to which Canada is a signatory, sets out the obligations and liability limits of carriers. In this regard, we urge the Canadian government to fully align its regulatory initiatives with the principles and guidelines enshrined in such international conventions. In addition, should the Government decide to proceed with legislation on passenger rights, we call on it to also adhere to the International Civil Aviation Organization's (ICAO) core principles on consumer protection, with due regard to the need to strike an appropriate balance between the protection of consumers and industry competitiveness.

AAPA believes that any industry-specific regime must deliver improved outcomes for consumers overall. Further, AAPA believes that any regulatory initiative should not take away or undermine incentives for airlines to innovate in relation to customer service. An overly-prescriptive compensation-based regime will result in increasing the cost of travel for passengers, given that additional resources would be required to ensure compliance, with no evidence that delays would be reduced systemically. Any additional costs that are absorbed airlines will impact profitability, and eventually, result in reductions in network connectivity with fewer choices for passengers.

General Comments

As a general comment, before embarking on any regulatory initiative, we would recommend that the CTA performs a comprehensive cost-benefit analysis, taking into account the complex and interdependent nature of the global aviation system, to determine if the cost of compliance with the rule might outweigh the benefits that it is seeking to achieve. The cost-benefit analysis cited by the CTA in its consultation only relates to the cost impact to Canadian air carriers and Canadian passengers, and does not take into account the cost impact to foreign carriers or passengers.

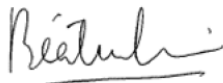
We further urge the Canadian government to pursue an approach that balances the interests of passengers while allowing airlines the commercial freedom to offer a variety of care and services that best meet their customers' needs as well as to keep the cost of air travel affordable for all.

We respectfully request the CTA to take into account our views as outlined above as well as the representations made by IATA in progressing the current consultation.

AAPA appreciates the opportunity to contribute our views on the above. We look forward to more dialogues with you to further our common objective of providing safe, efficient air transportation for the travelling public.

Thank you.

Yours sincerely,



Beatrice Lim

Director – Industry and Regulatory Affairs