

**Consultation on proposed amendments to the Air  
Passenger Protection Regulations (APPR)  
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**Submission to:  
Canadian Transportation Agency**



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The Atlantic Canada Airports Association (ACAA) is a not-for-profit organization that advocates on behalf of 13 airports in the Atlantic region. While the primary focus of the *Air Passenger Protection Regulations* (APPR) is on air carrier operations, airports are unquestionably impacted by these regulations. As such, the ACAA is making a submission with respect to the Canadian Transportation Agency's (CTA) consultations on proposed amendments to the APPR.

Proposed amendments to the APPR have the intent of tighter service delivery requirements, increased accountability for air carriers, and expanded compensation for affected air travellers. While we support efforts to improve the passenger experience, we continue to be concerned that the proposed amendments create material potential for negative impacts and unintended consequences that ultimately will hurt the entire sector, including the travelling public.

This submission reiterates possible amendments of concern identified in earlier submissions and that remain in the final proposed amendments. These regulatory amendments as proposed, including:

- passenger cost recovery mechanisms;
- re-protection and duty to assistance;
- the elimination of degree of control categories;
- the introduction of limited exemption conditions;
- claim period extensions; and
- and additional penalties,

will burden airlines with greater flight service constraints and higher operational costs, potentially translating to escalated ticket prices for air travellers and reduced regional connectivity.

Achieving a balance between passenger rights, the sustainable and efficient functioning of airlines, and the critical contribution of Canada's many smaller airports to the air travel system is crucial to air traveller accessibility, convenience and travel enjoyment, and growth in the aviation sector and the communities we serve.

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Again, the ACAA continues to be concerned that proposed amendments, though well intended, will create an undesirable environment for the following:

**Escalated Ticket Prices**

Additional operating costs incurred by airlines as a result of APPR amendments will likely result in higher ticket prices for travellers. In a region already impacted by high ticket prices, the potential for further increases will stifle travel demand and impact local businesses.

Elevated airline ticket prices can have detrimental effects on both travellers and the broader economy. For passengers, increased costs limit accessibility to air travel, potentially hindering tourism, family visits, and business trips. Moreover, industries reliant on affordable air transport, such as tourism and international trade, might suffer reduced activity.

Rising ticket prices also challenge airlines' value appeal and affordability, potentially leading to decreased demand, service cut-backs, and potential job cuts within the aviation sector. Ensuring accessible air travel is essential for a thriving and inclusive travel ecosystem, especially in rural and remote Atlantic Canada, where flights serve as a primary connection to the rest of the world.

**Regional Connectivity and Capacity**

Due to air carrier operational strategies and the failure of some low cost and ultra low cost carriers, a number of Atlantic Canada's airports have experienced serious route and capacity shrinkage compared to pre-pandemic 2019. Yes, our larger airports have recovered, but smaller regional airports are only 50% to 70% of 2019 capacities. This is particularly evident in the loss of intra-region connectivity in Atlantic Canada.

Airlines are focused on maximized loads and profitability. If APPR financial risk is too high to service an airport destination, then resources will be deployed elsewhere. And smaller regional airports are, unquestionably, a higher APPR cost risk. Given this operating environment, these smaller market airports, who are already struggling to maintain, let alone expand routes may well see service with thinner frequencies (2 – 3

times per week) disappear, further reducing regional connectivity in Canada while simultaneously increasing costs of travel further for Canadians.

Regional connectivity holds immense importance in fostering economic growth, social cohesion, connection, and overall development. Efficient transportation and communication networks enable seamless movement of goods, services, and people, boosting trade and commerce within the region and beyond.

### **Reprotection and Duty to Assistance**

More specifically to the proposed amendments themselves and the potential negative impact on connectivity, it is understood that proposed changes to the APPR will significantly shorten the time period that airlines would have to rebook passengers before being required to book passengers on a competing airline at the originating airline's expense. Given lower flight frequencies, and the limited air carrier options in the shoulder season, as well as seat capacity at many regional airports, this pending performance benchmark is simply not practical.

Implementing this tighter performance regulation will contribute to reduced attractiveness of regional airports from the perspective of airlines, further exacerbating the regional, domestic, and international capacity challenges in Atlantic Canada. In the end, it will be connectivity and linkages to smaller regional airports that will suffer, not just in Atlantic Canada, but throughout Canada. Rather than enhance service, the people in rural and remote Canada will be disadvantaged by these changes.

### **Trade Tensions, Economic Uncertainties and the Growth of Inter-Provincial Trade**

Canada faces considerable international trade tensions for the foreseeable future with the risk of significant and lingering negative economic impacts. Is it prudent at this time to implement regulatory amendments with the potential to have unintended negative impacts that may exacerbate a weak economic environment? Caution and delay at this point in time may be the best approach.

Given the international trade environment, federal and provincial governments are motivated to grow inter-provincial trade and displace exports with domestic and new international markets. In advancing the growth of the domestic economy, air service is a

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critical transportation link for international, national and regional connectivity and the movement of goods and people throughout Canada and the world.

We urge the government to reconsider the application of APPR 2.0 in light of the severe economic consequences that create additional barriers to internal trade, harming the affordability of air travel, competition, and most notably, rural and regional connectivity. Additionally, as businesses expand into new markets beyond the U.S., it is critical to avoid increasing operational costs or imposing further obstacles that could hinder their ability to establish and grow international trade relationships.

The Canadian aviation industry, which serves as the lifeblood of our country, operates in a globally dynamic and competitive marketplace where cost, connectivity, and service dictate success and failure. Achieving a balance between passenger rights, the sustainable functioning of airlines, and the operations of Canada's many smaller airports is crucial to ensuring the continued support and growth of this vital industry.

Similar legislation and regulation have been successfully introduced in other parts of the world, including Europe and the United States. We encourage you to pause and delve deeper into the experiences, successes and best practices of other jurisdictions to advance regulations that are fair and reasonable for both air service users and providers.

Thank you for consideration of this submission.



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