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Via electronic mail: Consultations-aeriennes.Air-Consultations@otc-cta.gc.ca

Re: Consultation: Canada Gazette, Part I, Volume 158, Number 51: Regulations Amending the Air Passenger

Canadian Transportation Agency,

On behalf of the Canadian Airports Council (CAC), which represents more than 100 airports across the country, we offer the following comments on *Canada Gazette, Part I, Volume 158, Number 51: Regulations Amending the Air Passenger Protection Regulations*. While airports are not specifically captured under the APPR, which is appropriate, the impact of the enhanced regulatory regime will have broad impacts across the aviation ecosystem. As such we recommend the Canadian Transportation Agency (CTA) amend the proposed regulations to ensure they do not make the Canadian aviation sector less competitive globally, threaten air service connectivity to regional, remote and northern communities, and inject further complexity into the market in such uncertain times.

Firstly, the CAC acknowledges and commends the CTA for including safety incidents over which airlines have no control in the “exceptional circumstances” list. The CAC raised this issue during the 2023 consultation and are pleased to see that the CTA acted on the input from industry stakeholders.

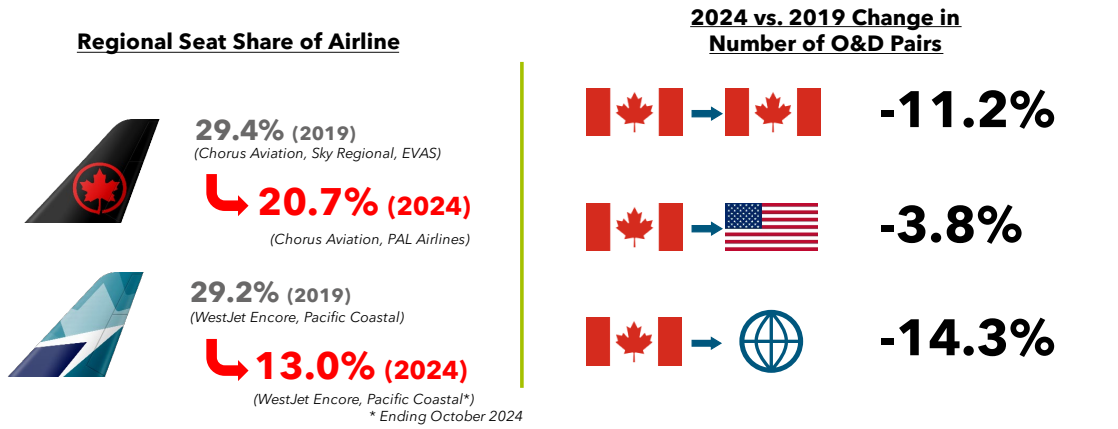
The CAC urges the CTA to look closely at the impacts of the proposed penalties, cost recovery mechanisms and other protections could have on the overall cost of travel for Canadians. Certainly, we support measures that will address passenger confidence and improve their overall travel experience. But, the aviation industry operates in a globally dynamic and competitive marketplace where cost, connectivity, and service dictate success and failure, the Canadian passenger protection regime should not put exceptional responsibilities or requirements on air carriers beyond those established in the Montreal Convention.

As a new regulatory regime injects new risks and costs into the aviation marketplace, these must be accounted for in the ticket price by air carriers. As such, it is important that Canada’s Air Passenger Protection Regulations strike the right balance to incent high service standards and protect travellers, while not increasing costs to travellers, reducing connectivity, and impacting the competitiveness of the entire Canadian sector.

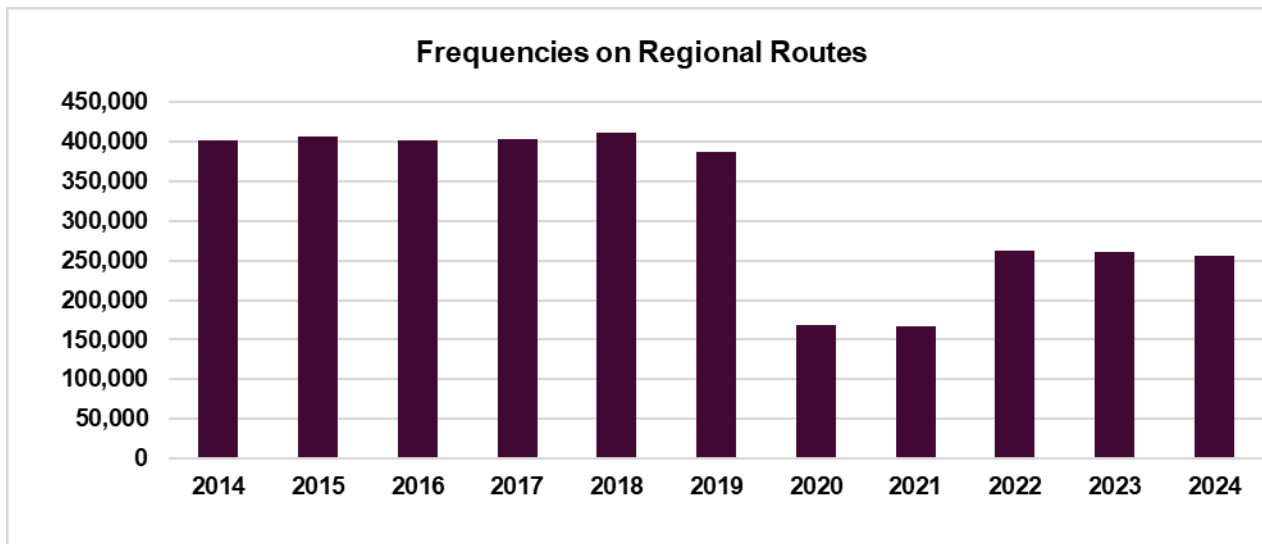


As the CAC and many others in the 2023 pre-consultation stated the proposed APPR will have negative impacts on regional air connectivity. Smaller markets are already struggling to gain and maintain service. These challenges are only exacerbated by air carrier fleet changes, the pilot and aircraft mechanic shortages, flight duty time regulations, and thin margins. Injecting increased risk and costs into these precarious and marginal routes has the potential to reduce regional connectivity while increasing the cost of travel further for Canadians.

The Changing Connectivity Landscape InterVISTAS



Source: Innovata Schedules via Cirium, as of Dec 2024; InterVISTAS analysis.
Notes: Seat Capacity/O&D Pair data for scheduled flights only; Canada- All Sectors





Regional connectivity in Canada has not recovered from the pandemic. The charts above demonstrate the severity of the decrease in air service connectivity in Canada. According to IATA Connectivity Index, Canada has lost 13.9% connectivity since 2019, and this is further exacerbated in smaller rural markets where in some cases they have only recovered to 50-70% of pre-pandemic levels.

It is recognized by Canada's air carriers that the proposed APPR will reduce regional connectivity. In particular, the large network carriers that have more stringent obligations (compensation levels, rebooking obligations, and requirements with respect to knock on impacts) under the regulations will be under greater pressure to rationalize smaller routes. Further, it creates a disincentive to try new markets and routes as the risks overwhelm potential upsides.

The CTA has been well informed of these consequences by numerous stakeholders in the pre-consultation period. However, the proposed APPR has done nothing to address or mitigate the inevitable challenges to regional air services across the country. The regulator cannot divorce themselves from the outcomes of their policy and as such, we strongly believe the CTA should carefully review the true impacts of these regulations on the air service to small, remote, and northern communities and adjust the regulatory regime to hold these communities harmless. We would suggest the CTA should be exploring a regulatory regime that improves regional connectivity rather than discourages air mobility in these communities.

Finally, the CTA should very carefully consider whether now is the right time to introduce major regulatory changes to the APPR regime and cost recovery mechanism for complaints. With traveller intentions greatly impacted by geopolitics, the aviation industry is already seeing softening of travel plans, in particular to the United States. In this context, the CTA should assess if and when they will introduce new regulations that change the cost and operating structure of the aviation industry.

Thank you for considering our comments.

A handwritten signature in black ink that reads 'M. Pasher'.

Monette Pasher
President