

August 10, 2023

Canadian Transportation Agency

Consultation: Proposed changes to clarify, simplify and strengthen the Air Passenger Protection Regulations

Canadian Transportation Agency,

The Charlottetown Airport Authority (CAA) is pleased to provide comments on the *“Proposed changes to clarify, simplify and strengthen the Air Passenger Protection Regulations”* (APPR).

While airports are not specifically captured under the APPR, which is appropriate, the impact of the enhanced regulatory regime could have broad impacts across the aviation ecosystem. As such we recommend the Canadian Transportation Agency (CTA) be very cognizant of potential consequences of strengthening the regulatory regimes that while intended to protect travellers could ultimately hurt the entire sector and result in reduced air access and higher air fares for smaller communities like Charlottetown.

YYG Charlottetown Airport has seen traffic recovery nicely from the pandemic with a record five airlines operating to seven non-stop destinations this summer. Traffic numbers at YYG are expected to reach an all-time high in 2023. Airline connectivity to PEI is crucial for our tourism industry, immigration, and economic prosperity.

Cost Competitiveness & Regional Air Access

The CAA urges the CTA to carefully reflect on the impacts that penalties, cost recovery mechanisms and other protections could have on the overall cost of travel to the traveller. While we appreciate government is seeking to implement strong passenger protections, the Canadian aviation industry does not exist in a bubble. It operates in a globally dynamic and competitive marketplace where cost, connectivity, and service dictate success and failure. As such, the Canadian 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 vulnerable travellers while not increasing costs to travellers, reducing connectivity, and impacting the competitiveness of the entire Canadian sector.

It is especially important to look south of the border where Canadian air carriers and airports compete against a much larger marketplace with different rules and greater government subsidization. Any APPR should not tip the scales to make Canadian air carriers and consequently airports less competitive in the aviation marketplace.

The CTA must also examine the potential negative impacts on regional air connectivity. Many smaller markets are already struggling to gain and maintain air service. These challenges are only exacerbated by air carrier fleet changes, the pilot and aircraft mechanic shortages, and thin margins. Injecting increased risk and costs into these precarious routes has the potential to reduce regional connectivity while increasing the cost of travel.

Safety and Unplanned Mechanicals

All air industry partners are committed to upholding Canada's record as one of the safest air travel systems in the world. As such, decisions made for safety reasons must never be punished.

For this reason, unexpected air safety events, in particular an unplanned mechanical malfunction of an aircraft, have always been treated in various aviation regulations as an uncontrollable event exempt from the ambit of passenger compensation regimes. However, the proposed new APPR regulation ordering significant financial compensation in such circumstances would unduly penalize airlines for safety-related decisions that are in the best interest of all parties throughout the ecosystem.

The need to factor in these financial considerations would change the economics of regional routes, and risks airlines favoring routes to larger airports instead with more mechanical support operations and opting against serving remote and regional communities where recovery from mechanical issues would take longer, ultimately resulting in higher compensation and impacts from the newly proposed knock-on effects.

As such, the new APPR list of exceptional circumstances (exemptions from compensation) must include exemptions for flight safety and specifically for unplanned mechanical delays where an aircraft is unfit to fly in accordance with applicable regulations and maintenance protocols.

Earlier Flight Disruptions (Knock-On Effects)

Currently, when a delay is caused by reasons outside the control of the airline, the APPR recognizes and exempts the subsequent flights suffering knock-on effects of the delay from certain obligations including compensation. However, the proposed changes to APPR arbitrarily set a limit of knock-on effects to a single subsequent flight after the initially disrupted flight. It can take airlines up to 48 hours or more to overcome the knock-on effects of delays. Recovery time is even longer in the event of

significant weather events, which can impact regional airports more significantly than larger hubs.

Given the realities of airline operations, one delay will have knock-on effects on all subsequent flights that the original aircraft or crew impacted may operate. By only exempting one subsequent flight in the event of a disruption outside of airline control, airlines may be inclined to simply cancel more flights that face a disruption rather than incurring the subsequent delays to seek a quicker recovery and reduce their compensation liability. In most cases, this would have a significant impact on regional airports like Charlottetown. This may also make certain routes to regions with more challenging weather environments, with less demand, or not as financially viable less appealing for airlines to continue operating and could limit essential air connectivity as the risk for increased costs to air carriers would be substantially increased.

Reprotection and Duty of Assistance

It is understood that proposed changes to the APPR will significantly shorten the time that airlines would have to rebook passengers before being required to book passengers on a competing airline at the originating airline's expense. Given the limited air carrier options and lower flight frequencies and 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 Canada will be disadvantaged by these changes.

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 learn from the mistakes and successes of other jurisdictions as you develop a path forward. Thank you for considering this submission.

Yours Sincerely,



Doug Newson
CEO, Charlottetown Airport Authority Inc.