

August 10, 2023

Canadian Transportation Agency

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

Canadian Transportation Agency,

The Greater London International Airport Authority (GLIAA) is writing to express concerns with the proposed changes to the Air Passenger Protection Regulations (APPR) included in Bill C-47 and contained in the "Consultation Paper: Proposed changes to clarify, simplify and strengthen the Air Passenger Protection Regulations".

The GLIAA is a Tier 2, regional airport located in London, Ontario, Canada. London is currently the 11th largest city in Canada and is the fastest growing city in the province of Ontario and the fourth fastest in Canada. Within a 100km radius of London, we serve a population of over 2.5 million people and are known as Southwestern Ontario's easy and comfortable airport. GLIAA is home to over 50 businesses, employing over 1,500 people and is a major economic driver in Southwestern Ontario contributing over \$650 million in economic impact. In addition, the airport is home to Canada's fastest growing aviation college, The Norton Wolf School of Aviation and Aerospace Technology (Fanshawe College).

In 2019, prior to the pandemic, GLIAA served over 680,000 passengers. In 2023, we continue to lag in passenger recovery with an estimated 360,000 passengers forecasted. This reduction in passengers has been created by the tremendous challenges facing air carriers and regional airports continue to lose service and connectivity across the country at an alarming pace.

GLIAA currently has service from Air Canada Jazz, WestJet, Swoop, Flair, Air Transat and Sunwing. While we are grateful no carrier has left our market completely since the pandemic, the frequency and capacity offerings of both Air Canada Jazz and WestJet is a major cause for concern at GLIAA and at regional airport across the country.

While we are fully supportive of the goal of improving the air passenger experience in Canada, there are a number of proposed changes that will ultimately negatively impact air travel and connectivity to and from Canada, in particular in regional markets like ours across the country.

In many regional communities, such as ours, airports are an economic anchor in their regions. Air service brings a significant source of well-paid direct and indirect jobs, supports local businesses and creates a number of economic spin-off effects through all the third-party services required to run an airport and beyond. For any of this to be possible, however, regional airports need airlines to offer routes to and from these airports. As such, there is a need for a balanced approach to passenger rights that allows routes to be financially viable, will not undermine airlines' competitiveness and still supports a more efficient, affordable, and inclusive air travel system in Canada.

The most significant concerns with the proposed changes for regional airports include:

1. Implications for Competitiveness and new services

Airports across the country and abroad compete aggressively for air service daily. GLIAA meets with existing and new carriers regularly to educate them on the opportunities and advantages of operating from a low cost, easy and comfortable regional airport that offers significant benefits to passengers compared to hub airports. Since the pandemic, airports globally have become increasingly aggressive

in their incentives offered to airlines, as airports are reliant on air carrier service to allow airports to remain financially viable. Regional airports in particular are suffering from crew shortages and changes to regulations with regard to crew duty days, making it increasingly difficult to maintain current air carriers and attract new ones, especially for those airports that are not crew bases for airlines. The competition amongst regional airports is fierce, not just in Canada, but with our United States competitors and other airports across the globe. With Canada being such a vast country, we are fully reliant on aviation to connect regional communities and without appropriate government action, Canada is at risk of not only hurting regional airports, but also the communities and economies in which they serve.

The proposed changes to the APPR will be significantly more punitive than regimes in other jurisdictions, like the EU. In Europe, for example, compensation for flights of less than 1,500 km are capped at 250 euros per passenger, but in Canada, compensation can reach up to \$1,000 CAD per passenger, regardless of distance for certain disruptions. This will ultimately further increase the cost of travel in Canada and have a disproportionate impact in regional markets that are in large part served with shorter and more infrequent flights.

Moreover, many US carriers who previously operated to airports outside major Canadian hubs have not been returning to these markets, with many of these airlines citing the uncompetitive cost structure in Canada for these business decisions. While there is an unrestricted ability for U.S. carriers to operate transborder flights, in the past 10 years, US carriers have decreased their number of flights by 45% and their seat capacity by 29%. In 2013, U.S. carriers flew to 24 points in Canada, however today, they serve only 11. Imposing such a punitive system on top of existing competitiveness challenges will only further exacerbate this trend, further impacting connectivity and direct air service throughout Canada's regional communities.

2. Earlier Flight Disruptions (Knock-On Effects)

Airlines that serve regional airports often operate many short-haul segments with multiple turnarounds in a single day in order to be able to serve these markets efficiently. In fact, aircraft at Canada's regional airlines often fly six or more flight segments in a day.

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. In reality, 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 in order to seek a quicker recovery and reduce their compensation liability. In most cases, this would have a significant impact on regional airports and the flights to our regions. 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.

3. 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.

4. Reprotection and Duty of Assistance

The proposed changes to the APPR would require airlines to rebook passengers within 9 hours instead of the current 48-hour requirement, which should be maintained. Should a carrier be unable to reprotect on their own carrier or a partner, they will be obligated to purchase a ticket on a competing airline. This too will disadvantage smaller airports that have less frequencies and volumes offered than larger airports. In fact, some frequencies at smaller airports are only offered once a week, making reprotection on these routes difficult.

In addition, it is proposed to expand some duty of assistance requirement in exceptional circumstances such as a significant weather event. However, sudden mass hotel, restaurant, or ground transfer bookings, in particular at remote or distant locations at all hours of the day or night, would represent a significant cost and operational burden on airlines. In fact, such amenities may be extremely limited or not available altogether in the numbers required in certain regional communities.

These obligations would therefore make it even harder for smaller airports to attract large carriers to operate flights outside their hubs, in particular to popular routes to sun destinations.

The most appreciable improvements to the air passenger experience in Canada would come from a greater level of government investment in airports. Given the debt levels incurred throughout the pandemic, a number of critical infrastructure investments have been postponed. Other countries have acknowledged the benefits that such infrastructure investments would have, not just on the air travel system, but on their wider economies. The US, for example, has announced over \$40 Billion in airport infrastructure investments since 2020.

As such, we encourage government to ensure that regulations are developed that will mitigate these concerns and to increase investment in airports. These actions will improve the air travel system and have wider benefits on the Canadian economy.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read "Scott McFadzean", with a long, sweeping flourish extending to the right.

Scott McFadzean

President & CEO

Greater London International Airport Authority