

August 8, 2023

France Pégeot  
Chair and CEO  
Canadian Transportation Agency  
60 Laval Street, Unit 01  
Gatineau, QC  
J8X 3G9

**Re: Support for the National Airlines Council of Canada (NACC)'s submission on proposed changes to the Air Passenger Protection Regulations by the Canadian Transportation Agency (CTA)**

Dear Ms. Pégeot:

I am writing today to voice the Tourism Industry Association of Canada's (TIAC) support for the National Airlines Council of Canada (NACC)'s submission on the Canadian Transportation Agency's proposed changes to the Air Passenger Protection Regulations (APPR).

TIAC is the national advocate for tourism in Canada. Acting on behalf of thousands of tourism businesses across the country, our work involves promoting policies, programs and other initiatives that foster the sector's growth.

Tourism has an important role within Canada's economy, accounting for two per cent of Canada's annual GDP and close to two million jobs. Pre-pandemic, total tourism spending amounted to \$105 billion and there were 233,354 active tourism businesses in Canada. In addition to being the top employers of youth, tourism businesses across Canada also employ more women, Indigenous peoples, new Canadians, and seniors than most other sectors<sup>1</sup>. Air connectivity is a key enabler of these economic benefits. A destination's ease of accessibility is a fundamental factor in attracting tourists. As such, we work closely with airlines and airports to support these vital air links to our country.

When the pandemic hit, forcing all businesses to shut their doors due to public health measures, the tourism industry was the first hit, the hardest hit, and has been one of the last to recover. We saw tourism spending decrease by just over half in 2020, to \$53 billion, and saw the number of active businesses drop to 204,273 in 2021, a 12 per cent decline over 2019.

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<sup>1</sup> [https://tiac-aitc.ca/Library/TIAC\\_Publications/2020\\_Tourism\\_Fast\\_Facts\\_-\\_Rev\\_Sept\\_2020\\_EN.pdf](https://tiac-aitc.ca/Library/TIAC_Publications/2020_Tourism_Fast_Facts_-_Rev_Sept_2020_EN.pdf)



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However, in the last three years, particularly as Canada began to relax the COVID-related travel and health restrictions, tourism began to see some recovery. At the end of 2022, tourism spending was \$93.7 billion, contributing 1.5 per cent of Canada's GDP. We also saw a 5.4 per cent increase to the workforce in 2022, with 218,041 jobs in tourism.

In 2023, we continue to see recovery underway and have also seen a significant improvement thanks to efforts by all ecosystem partners to work together to improve the traveller experience in Canada. We expect that summer 2023 will be a great tourism season, especially when it comes to foreign tourist arrivals, where we see a significant increase. The restoration of air connectivity and improved operations compared to last summer have played a crucial role in this success.

However, we are still a long way from where we were in 2019, and we need supports such as the \$108 million via Regional Development Agencies and \$50 million through Destination Canada from the 2023 federal budget, as well as the goals of the Federal Tourism Growth Strategy – including a Ministerial Tourism Growth Council – to help the industry return to pre-pandemic levels.

The transportation industry, more specifically, saw a significant decline in both spending and active businesses, with a 15.2 per cent decrease in spending between 2019 and 2022 (\$40 billion in 2019 compared to \$33 billion in 2022), and an 18.1 per cent decrease in active businesses between 2019 and 2022 (57,566 in 2019 compared to 47,128 in 2022).

It is important to highlight that the aviation sector plays a key role in Canada's tourism ecosystem, supporting 633,000 jobs and contributing \$51.4 billion to Canada's GDP pre-pandemic.<sup>2</sup>

While TIAC supports the CTA's objective of improving the passenger experience in Canada, given the importance of the aviation sector to Canada's broader travel economy, we believe it paramount for Canada to adopt a balanced approach that would enable us to maintain a n integrated aviation ecosystem, and one that is competitive, affordable, predictable, sustainable, and robust, all of which to enable a positive passenger experience.

More specifically, TIAC is concerned that the proposed changes to the APPR will create a challenging and uncompetitive operating environment for airlines in Canada, which could reduce connectivity and have implications for tourism and the industry's recovery.

In fact, the proposed regulations would impact the competitiveness of Canadian carriers that are instrumental in developing connectivity to and from Canada and would make Canada less attractive for foreign airlines. For example, US airlines have

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<sup>2</sup> International Air Transport Association (IATA), "IATA Disappointed with Canada's 2023 Federal Budget," IATA, April 14, 2023, <https://www.iata.org/en/pressroom/2023-releases/2023-04-14-01/>.



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already reduced capacity by -42% compared to pre-pandemic levels to Canadian cities outside major hubs.

In addition, there are efforts underway by industry to develop winter and shoulder season tourism to Canada, which would support year-round operations and economic benefits. These seasons typically see more inclement weather. We are concerned that the regulations would further increase costs for airlines to operate in the winter, making attracting and maintaining year-round services more challenging.

It is against this backdrop that we share the following views.

We have had the opportunity to review both CTA's Consultation Paper and the submission prepared by the NACC.

We support the recommendations NACC provides in its submission regarding the proposed changes to the APPR. NACC offers some important insights on the CTA's consultation document; what outcomes need to occur, and safety measures need to be in place before the proposed changes to APPR can be properly considered. Further, it offers its recommendations based on how Canada should best address any concerns that may arise due to unclear regulations.

Canada has always been a leader in aviation safety, and this continues to be a top priority for all airlines in Canada and around the world. NACC member airlines, specifically, are global leaders in aviation safety, setting the example by ensuring that significant resources are allocated to guarantee adherence to strict safety regulations and maintenance requirements that protect all aviation employees and passengers.

TIAC supports all eight recommendations made by NACC related to the proposed changes to the APPR (see Appendix).

I would welcome the opportunity to discuss this further with your office. Please feel free to contact my colleague Kim Meijer at [kmeijer@tiac-aitc.ca](mailto:kmeijer@tiac-aitc.ca), who would be pleased to arrange a meeting at your convenience.

Thank you in advance for your consideration.

Sincerely,



Beth Potter  
President and CEO



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# Appendix: NACC Recommendations Supported by TIAC

## Recommendation 1 – Exceptional Circumstances

NACC recommends a list of “exceptional circumstances” based predominantly on the principle that airlines cannot be penalized for unexpected safety situations.

## Recommendation 2 – Shifting burden of proof to airlines – “Guilty until proven innocent”

NACC is calling for a clearly spelled out process to adjudicate passenger claims that does not put undue constraints or excessive financial or administrative burdens on the airlines, and that reflects the reality that in the absence of a shared accountability system or communications protocols amongst all the entities in the air travel system, airlines do not always have access to the supporting data and evidence required to be able to properly respond to passenger claims.

## Recommendation 3 – Rebooking and Refunds

NACC recommends providing passengers with the flexibility to rebook on a partner airline prior to the 9-hour window, or rebook on the same airline after the 9-hour window if there is a more convenient option for the passenger that better meets their needs. Rebooking regulations can only come into force when viable rebooking options, as outlined in the regulations, are available. However, NACC is of view that an exemption from the 9-hour rule to be in place when the original flight is resumed/rescheduled within 48 hours.

## Recommendation 4 – Standards of Care and Assistance

Regulations need to reflect that the provision of assistance is not always possible (e.g., lack of hotel capacity, restaurants not available, communication outages), therefore regulations should clarify that standards of care and assistance be offered when the capacity is available to do so. In the case of exceptional circumstances, NACC recommends a 24-hour window by which assistance is provided, subject to availability.

## Recommendation 5 – Communications

The list of preferred communications that a passenger identifies should be limited to electronic means of communications. Regulations should spell out a clear schedule with time requirements and the sorts of information to be communicated are clearly identified. Third party booking organizations should be required to collect information on preferred means of communication and to provide that information to airlines.



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## Recommendation 6 – Chain Reactions (knock-on effects)

NACC recommends that in the event of an exceptional circumstance, regulations allow for a 48-hour window for knock-on effects, rather than a 2-flight limit.

## Recommendation 7 – Government of Canada issued travel advisories

NACC recommends that only level 4 travel advisories be considered under this requirement.

## Recommendation 8 – Shared Accountability

Put in place a true shared accountability system that for each entity in the air travel ecosystem focused on continuous improvements and that includes:

- Real time data sharing;
- Measurable service standards;
- A communications protocol; and
- Financial accountability for those entities that do not meet established service standards.

Implement such a system prior to the coming into force of the revised APPR provisions.



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