



ASSOCIATION OF ASIA PACIFIC AIRLINES

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## **CONSULTATION ON AIR TRAVEL COMPLAINTS FEE PROPOSAL**

The Association of Asia Pacific Airlines (AAPA) welcomes the opportunity to provide comments on the consultation on an air travel complaints fee by the Canadian Transportation Agency (CTA).

AAPA is the trade association for major international airlines based in the Asia Pacific region. Our members include Air India, Air Astana, All Nippon Airways, Bangkok Airways, Cathay Pacific Airways, China Airlines, EVA Airways, Garuda Indonesia, Japan Airlines, Malaysia Airlines, Philippine Airlines, Royal Brunei Airlines, Singapore Airlines, Thai International Airways, and Vietnam Airlines. Our members are award-winning air carriers and operate numerous scheduled flights to various points in Canada.

We respectfully submit the comments below for your consideration.

### 1. Complaints Volume Estimate

We note that the proposed fixed fee of CAD790 per eligible complaint is stated to cover 60% of the CTA's estimated annual costs for administering the complaints process. However, based on the CTA's estimate of 22,615 eligible complaints annually, as outlined in Part 3: Costing the Air Travel Complaints Process (p. 7), we request clarification as to whether this projection may underestimate future volumes and fail to take into account growth in travel demand.

## 2. Fee Structure and Financial Burden on Airlines

At the current projected volumes, airlines collectively could face nearly CAD18 million in annual costs, and if the complaint volumes exceed the CTA's estimates, airlines' annual costs could surpass current projections.

We believe there is a need to balance the equitable distribution of costs to airlines. In principle, airlines that generate a larger volume of cases to be administered should bear a proportionate share of the costs.

However, this fee structure, if implemented, risks exacerbating financial pressures on airlines at a time when operational costs are already high and yield low due to various global challenges faced by all airlines. Airlines may be forced to divert scarce resources to ensure regulatory compliance in funding the scheme. We urge the CTA to reconsider the proposed amount of CAD790 per eligible complaint and strike a better balance between protecting passenger's rights and ensuring the viability of airlines.

## 3. Cost Recovery Clarity and Transparency

Whilst the proposal outlines the breakdown of the estimated costs, it lacks explicit justification for the chosen cost recovery rate. We believe it is essential for the CTA to clarify the reasoning behind the proposed 60% recovery rate structure. We also ask that the CTA provides comparisons with similar agencies to substantiate the proposed cost.

## 4. Direct Complaints Resolution by Airlines

AAPA member airlines have consistently high standards of customer care and engage in efficient and open communications with their customers through established dedicated channels for managing complaints. Such channels include web links, e-mails, and hotline numbers, which are made known to customers transparently and in various formats. We are therefore supportive of the proposal that the Resolution Officer may exercise the discretion to refuse to deal with a complaint if certain criteria are not met, as listed in the proposal.


To further enhance the process and aid customer expectations, we urge the CTA to introduce large scale public awareness campaigns to educate consumers on the terms and conditions associated with air travel and the processes to follow in the event of a dispute. Airline ticket terms and conditions exist to provide certainty for both consumers and airlines when the purchase is made, similar to other consumer purchases. We strongly believe that consumers should be free to exercise their own choices when selecting the type of airfare most suited to their needs.

5. General Comment

We hope the CTA takes into account our comments to this consultation and encourages the CTA to pursue solutions that balance consumer rights protection with ensuring the airline industry's sustainability and competitiveness. We look forward to further discussions to further our common objectives of providing safe, efficient air transportation for the travelling public.

Thank you.

Yours sincerely,



**Beatrice Lim**

Director – Industry and Regulatory Affairs