

Written Submission on the Air Travel Complaints Fee Proposal



Canadian
Chamber of
Commerce
Chambre de
Commerce
du Canada

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Introduction

The Canadian Chamber of Commerce welcomes the opportunity to provide a submission as part of the Canadian Transportation Agency's (CTA) consultation on the air travel complaints fee proposal.

Prior to the pandemic, the Canadian air transport sector supported 633,000 jobs and contributed more than \$60 billion to Canada's GDP. This sector encourages investment, enables international trade and immigration, and supports tourism, as nearly 28,000 international visitors arrive at Canadian airports every day. With spending by non-residents exceeding \$21 billion last year, they are an important driver of the tourism sector's contribution to GDP, representing 2 percent of the economy and supporting over two million jobs in Canada.

In addition to being an economic pillar, it also plays a vital role in tying our country together; given Canada's vast geography, reliable long-range transportation is non-negotiable for Canadian travellers.

Implementing unrealistic cost recovery plans will only increase the price of air travel for Canadian families who are already contending with a high cost of living, as well as cause further damage the Canadian economy. This is another concerning example of a tax-and-spend policy that undermines a critical transportation sector, prevents growth and innovation in a key industry, and will be detrimental to passengers across the country.

We hope that you will consider the extent of the burden this will place on the air transportation sector, as well as the negative impacts for travellers, and not proceed with this proposal.

About the Canadian Chamber of Commerce

The Canadian Chamber of Commerce is Canada's largest and most activated business network — representing 400 chambers of commerce and boards of trade and more than 200,000 businesses of all sizes, from all sectors of the economy and from every part of the country — working to drive change, partner broadly and be the undisputed champion and catalyst for the future of business success. Our vision is to build a Canada of thriving business opportunity, a strong economy, and a better life for all.



Recommendation

- **The CTA should not proceed with this proposal, and instead prioritize improving the administration of the current claims process under the Air Passenger Protection Regulations (APPR).**

The CTA's proposed fixed fee of \$790 per eligible complaint closed exceeds the average [one-way domestic ticket price](#), while dwarfing average revenue per one-way ticket.

Adding that the fee would apply regardless of the claim's outcome is a punitive measure that could serve as an incentive for some to submit unsubstantiated claims in the hopes that airlines will settle to avoid paying the administrative fee.

Applying the fee retroactively would also significantly shift the environment for operators who have been complying with existing requirements and who did not make the necessary adjustments to offset the unanticipated expenses.

This proposal also underestimates the potential impacts on the sector and consumers. The Agency already faces a significant backlog of claims to process, which will only be exacerbated by the increased number of claims this fee will incentivize.

This also means that the potential cost impact on Canadian airlines could far exceed the Agency's estimates. This added cost represents another expense for a sector that already faces high taxes, charges, and fees, putting it at an even greater competitive disadvantage internationally.

Most importantly, further strain on the sector will result in another rising cost for Canadians at a time when affordability is a grave concern, as it would be impossible for airlines to pay for this significant administrative expense without making significant adjustments.

Ultimately, consumers are likely to bear the cost in the form of increased airfare, which would see the cost of air travel rise for Canadians. There would also be a risk of reduced rural and regional connectivity, as airlines would need to consider limiting service on routes connecting multiple airports where there is a greater risk of delay and in instances where the airfare is not higher than the proposed CTA fee.

While we urge you not to proceed with this proposal, we look forward to working with government on improvements that will make Canadian air transportation more competitive globally, as well as more affordable and accessible for the millions of passengers who use it every year.

We call on the government to cease moving forward with this proposal, and instead focus on delivering an effective and efficient APPR system that can provide more affordable service and a seamless travel experience.

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