

NAV CANADA
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November 1st, 2024

Canadian Transportation Agency
60 Laval Street, Unit 01
Gatineau, QC J8X 3G9
Submitted via online form

Subject: NAV CANADA Submission – Air Travel Complaints Fee Proposal

NAV CANADA wishes to add its voice to the complex topic of air passenger compensation and related complaint processing fees that were put forward by the Canadian Transportation Agency (CTA) proposal on September 28, 2024.

As a not-for-profit organization that delivers a critical safety service on a cost recovery basis that are essential to airlines, the traveling public and all Canadians, we have a deep understanding of the mechanics of cost-recovery principles. For NAV CANADA, they are fundamentally linked to our ability to deliver value to our customers in terms of safety and efficiency, and our service charges reflect the cost of delivering these safety critical services to the payors of the system.

Disruptions are a concern for travelers that experience them. The industry takes these very seriously and is working with the Government to bring the best travel experience to consumers. We are seeing increased resiliency and stability as a result and performance that largely exceeds the pre-pandemic period.

Our concern with the CTA's current proposal, is that it creates significant imbalance in the relationship between a service provider (the airline) and the consumer of said service (the passenger) by automatically and systematically penalizing airlines for seeking fairness.

The compensation levels that airlines are accountable for under the current APPR regime are significant, often surpassing the cost of a ticket. Factoring in an additional \$790 for any single resolution process, whether in favour of the passenger or not, is a disproportionate burden on our

travel system at a time when there are concerns with the cost environment for both airlines currently in the market and the country's ability to incentivize new airlines to enter the Canadian market. Airlines receive all their revenues from consumers of their service. As a result, these costs will and must be covered by passengers.

We believe that penalties such as those proposed by the CTA will only force airlines to manage their operation more conservatively, to use finite resources in a more cautious manner which will spur less frequency, less connectivity, increased cost, and less choice for Canadians.

We ask the CTA to recognize the positive impact that air travel has on Canada and Canadians, to recognize that the aviation sector is integral to our social fabric, that it represents one of our largest contributors to GDP, and that even when the system is operating optimally, that delays can occur. The sector has come a long way compared to the difficulties experienced following the pandemic, yet we seem focussed on policy positions that are rooted in that generational black swan event.

NAV CANADA and the airline sector respects the role that the CTA has in weighing individual claims for compensation when they occur, and requests that further consideration be given to the revenue generating aims of the CTA regarding the underlying cost structures it has established.

We thank you for the opportunity to share NAV CANADA's views with the CTA on its proposal.

Sincerely,



Jonathan Bagg
Director, Stakeholder, and Industry Relations
NAV CANADA

c.c. Jeff Morrison, President, National Airlines Council of Canada