

Sault Ste. Marie Airport Development Corporation

November 4, 2024

Canadian Transportation Agency

OTC.FPRTA.Consultations-Consultation.CTA.ATCC@otc-cta.gc.ca

Re: Canadian Transportation Agency Consultation: Air travel complaints fee proposal

To Whom it May Concern:

The Sault Ste. Marie Airport Development Corporation (SSMADC) owns and operates the Sault Ste. Marie Airport, in Sault Ste. Marie Ontario. In Canada we are the only commercial passenger carrying airport between Sudbury 4 hours to the east and Thunder Bay 8 hours to the west, so we serve a fairly large catchment area. However, Chippewa County Airport in Michigan, USA, is only about 30 minutes south and attracts many Canadians to fly from. Additionally, Detroit Airport, in Detroit Michigan is only about 5 hours south of here.

Prior to the pandemic we had roughly 215,000 passengers per year using the airport, in the past year we flew 152,303 passengers. Prior to the pandemic Air Canada flew 6 to 8 daily flights to Toronto, currently we see 2 daily flights with Air Canada. Porter previously flew 3 daily flights to Toronto; we are currently at 2 daily flights. Bearskin Airlines also serves Sault Ste. Marie with multiple flights daily to Thunder Bay and Sudbury. In the winter season we previously had Sunwing Airlines providing service to different southern locations each year, however, likely due to the new APPR rules Sunwing did not return last winter and will not be returning this winter. Overall, the airport supports roughly 430 FTE jobs and approximately \$39.3 Million in GDP impact.

The SSMADC, would like to strongly urge the Canadian Transportation Agency (CTA) not to proceed with the proposed regime in the air traveller complaints fee proposal.

Canada is the second largest country in the world by land mass with our population centres vastly disbursed across the country, making it imperative that every community has access to affordable and dependable air travel options. Air travel in this country is not a luxury, it is a necessity. Given Canada's chosen model for self-funding of the aviation ecosystem, a change in costs to one stakeholder ultimately flows down to the traveller. It is in this context that the CTA's air travel complaints fee proposal needs to be considered.

It is important that Canada's passenger protection regime strike the correct balance — incentivizing high service standards and protecting travelers, while not increasing costs for passengers, reducing connectivity, or shrinking the Canadian aviation sector's competitiveness.

At a time when the entire aviation sector is looking for ways to recover from the pandemic and make air travel more affordable for all Canadians, the CTA is proposing a cost recovery system that will add undue costs for all air travellers. To cover the costs of complaints and to inoculate against future costs, air carriers will have no option but to raise their airfares and reduce air services.

The CTA has also chosen a very high fee for carriers to pay for each complaint. A \$790 fee, regardless of merit or outcome, is inordinately high and possibly punitive. It is the legislated mandate of the CTA to administer adjudication of complaints against air carriers, and while the CTA does have the ability to invoke a cost recovery regime, it is essential that parameters and values attached to the regime do not unnecessarily harm air carriers or the travelling public.



The CTA must also examine the potential negative impacts on regional air connectivity, such as here in Sault Ste. Marie. Smaller markets continue to struggle to gain and maintain affordable air service. As a country regional connectivity has only recovered to 70% and many markets are only at 50% of 2019 passenger traffic levels. These regional connectivity challenges are exacerbated by air carrier fleet changes, the pilot and aircraft mechanic shortages, thin margins and existing APPR. Injecting increased risk and costs onto these regional routes has the potential to reduce regional connectivity while increasing the cost of travel further. Just this month, 5 airports and communities in Canada lost Flair service entirely citing APPR rules as a major contributing factor in discontinuing these services, CTA decisions are already adversely impacting air service in regional markets, adding a cost recovery fee would be an additional burden for travellers and come at great cost to community connectivity.

We strongly advise the CTA not to proceed with the proposed cost recovery regime as proposed in this consultation. As put forward, this regime would only increase costs to all travellers across the system without providing any additional benefit or protection. Furthermore, the proposed mechanism would further jeopardize regional connectivity for Canada's regional, remote, northern, and indigenous communities through increased air carrier costs and risks.

Yours Sincerely,



Terry Bos, AAE
President & CEO