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**VIA EMAIL**

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**Re: Swoop Response to Refund Consultation**

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On December 21, 2020, the Canadian Transportation Agency (the “**Agency**”) launched a consultation (the “**Consultation**”) regarding the development of a new regulation requiring airlines to provide passengers with refunds when there is a flight cancellation or a lengthy delay due to situations outside of a carrier’s control, and it is not possible to complete the passengers' itinerary within a reasonable time (the “**Proposed Regulations**”).

WestJet has prepared a formal reply to the Consultation and we write to confirm our support of their responses. In addition to WestJet’s submission, we want to take this opportunity to highlight areas that are unique to ultra low cost carriers (a “**ULCC**”) like Swoop, along with concerning industry trends we’re seeing in Canada.

There exist numerous disadvantages in the Canadian aviation landscape, such as taxes, (ever-increasing) fees, and restrictive regulations that are world-leading (and getting worse). These disadvantages are a big part of the reason why Canada was the last G7 country to have a ULCC. Consider, for example, the following:

- Canada has among the highest airport and infrastructure costs in the world, hurting Canadian consumers and suppressing demand long-term;
- Of all jurisdictions sampled (including the US, EU, and Australia), Canada has the highest regulatory cost burden as a percentage of base fare (by a large margin); and
- Australia has similar geographic and demographic characteristics to Canada but sees nearly 2x more air service under a 63% lighter charge/fee burden. It is also worth noting the competitive characteristics of this market are similar to Canada

Despite the above impediments, Swoop’s average fare is a remarkably low \$100. This amount is striking when layered against airport rates and fees, AIF’s, ATSC fees, and NAV Canada fees.



Despite the industry framework being stacked against the ULCC model, Swoop has made travel accessible for millions of Canadians.

In addition to being the last G7 country to receive a ULCC, Canada still remains the only G7 country that has not provided sector-specific financial relief, including grants and liquidity, to its aviation sector. In fact, the opposite is occurring – rather than providing support, the Proposed Regulations risk further financial damage, at a time when the financial health of the industry is imperiled.

Regulations like the *Air Passenger Protection Regulations* and the Proposed Regulations are simply incompatible with Swoop's business model. They have the unintended consequence of driving up carrier costs, which are passed on to consumers, making travel less affordable. This is not in the interest of the travelling public.

Given the devastating impact of COVID-19 on our industry, our focus should not be on new regulations and punitive measures designed to address a once in a century event. Rather, given the devastating economic collapse of our industry, our collective focus should be on how to live safely with COVID-19, utilizing a science-based approach to improve public confidence in air travel. We need the CTA's help to encourage air travel.

It is in the best interest of airlines to maintain a strong reputation with their customer base, offering reliable air service taking them safely to their destination, on time, and at the lowest possible cost. Swoop remains committed to this, and is hopeful Agency considers our concerns and withdraws the implementation of the Proposed Regulations – now is simply not the time.

We are happy to discuss any of the above matters further at your convenience,

Yours truly,

A handwritten signature in black ink, appearing to read "Charles M. Duncan".

Charles M. Duncan

Swoop President