

April 30, 2019

Jordan Doyle, A/Manager, Tariffs and Research
Determinations and Compliance Branch
Canadian Transportation Agency
15 rue Eddy,
Gatineau, QC K1A 0N9

Re: Consultation on the Requirement to Identify a Basic Fare

Dear Mr. Doyle,

The Association of Canadian Travel Agencies (ACTA), which represents approximately 1,200 travel agencies and more than 12,000 travel agents across the country, is pleased to be an active participant in the consultation on the requirement to identify a basic fare, including the circumstances in which an air carrier should be exempted from identifying a basic fare in their tariff.

ACTA represents and defends the interests of retail travel professionals and, by extension, those of travel consumers. Our members, Canadian retail travel agencies, act as intermediary between buyers and sellers of travel products and services. Consumer-centric relationships that are based on loyalty and trust are the cornerstone of our industry. As travel agents, we have a responsibility to represent both our customers and suppliers in a non-biased way in order to add value to our clients' travel experience. This position allows us the opportunity to provide a unique perspective on the matter in question.

The current rule states that an air carrier must identify a basic fare for all routes offered by a licensee to which, the term "basic fare" is defined in section 55 of the Act as:

basic fare means

- **(a)** the fare in the tariff of the holder of a domestic licence that has no restrictions and represents the lowest amount to be paid for one-way air transportation of an adult with reasonable baggage between two points in Canada, or
- **(b)** where the licensee has more than one such fare between two points in Canada and the amount of any of those fares is dependent on the time of day or day of the week of travel, or both, the highest of those fares; (*prix de base*)

ACTA recognizes that the tariff obligations for an air carrier under paragraph 67 (1)(b) has not been amended for many years, pre-2000. It was at a time when the cost to transport luggage with a passenger was standard and low cost carriers/ultra low cost carriers had not entered into the Canadian market. Fast forward to 2019 and ultra low cost carriers are operating in Canada and most all Canadian carriers charge additional for baggage, however dependent on the classification of the ticket.

Given how the rules do not seem to accommodate the reality of the pricing of air travel, it is understandable why SWOOP applied for and received a temporary exemption from compliance with the Act. ACTA appreciates the opportunity to provide input regarding any future exemptions which might be considered and the factors relevant in determining whether they should be granted.

While ACTA will respond in general terms to the four questions posed by the Canadian Transportation Agency (CTA), our primary concern as it relates to the rules surrounding basic fares lies with the surcharges collected by airlines outside of the base fare. ACTA remains concerned with an air carrier's promotion of a \$9 one-way fare and then charges an additional \$400-\$600 in the taxes/fees/surcharges line. There are concerns on how an air carrier can attest to fly at this rate as was advertised by SWOOP last fall 2018 for travel between Abottsford to Edmonton. Travel agents recall clearly the aftermath left by the bankruptcy of JetsGo in 2005. JetsGo advertised fares of \$1 days before March Break 2005 leaving thousands of passengers stranded.

In addition, travel agents are left trying to explain myriad of taxes, fees and surcharges. Taking a closer look at some of these additional surcharges, a customer can expect to pay navigational and fuel surcharges. What ACTA member Travel agents and their consumers question is why fuel is deemed a surcharge. In order to fly the aircraft, fuel is required. Instead, some airlines promote the base prices artificially low and difficult for consumers to make accurate comparisons. ACTA understands that the CTA does not regulate the pricing of tickets or have authority over the fares unless it becomes an issue with monopoly routes and as such, the air carriers have the freedom to price their tickets as they choose. However, while the Act states that the "want" for reasonable baggage be included in the base fare, **ACTA believes that the "need" for fuel is necessary and therefore should be automatically included in the base fare.**

Call for Comments

As noted earlier, ACTA has provided overall input on the following questions posed by CTA.

- 1) The prevalence of basic fares across differing business models in Canada,
- 2) The relevance of a basic fare to passengers;
- 3) The impact of the basic fare requirement on industry competitiveness; and
- 4) Factors that may be relevant to the CTA in determining whether a carrier's compliance with this provision is "unnecessary, undesirable, or impractical".

ACTA response: ACTA recognizes that the tariff obligations for an air carrier under the Act, especially with respect to section 67 (1)(b) are outdated based on air travel in 2019. It is very common for all carriers of different business models in Canada to offer basic fares, with many doing so due to their cost effectiveness. Competition in Canada overall, is beneficial to consumers and in order to increase competition, the interest to provide air services may come from low or ultra-low cost carriers. In this case, these business models would not be compliant with the current rules and therefore, it would make sense to provide exemptions until such time as the legislation can be amended. ACTA's recommendation is that the legislation be reviewed to modernize and make it relevant to the current air travel business landscape.

In conclusion, ACTA appreciates the opportunity to provide input in the consultation on the requirement to identify a basic fare, including the circumstances in which an air carrier should be exempted from identifying a basic fare in their tariff. Should you have any questions or concerns to the points our organization has made, please contact Wendy Paradis, ACTA President at wparadis@acta.ca / 905-282-9294 ext. 121 or Heather Craig-Peddie, ACTA Vice President Advocacy and Member Relations at hcraigpeddie@acta.ca / 905-282-9294 ext. 122.

Respectfully submitted,



Wendy Paradis, President, ACTA