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## **Liberals to lift foreign ownership of domestic airlines, draft bill of rights for passengers**

**The Trudeau government will boost foreign ownership limits for domestic airlines to 49%, a move that could spark the creation of ultra low-cost domestic carriers**

By David Akin

OTTAWA — The federal government will raise foreign ownership levels for domestic airlines, a move that could spark the creation of ultra low-cost domestic carriers.

The government also announced its intention to bring in legislation that will spell out a traveller's bill of rights, which will give passengers some remedies if they feel they've been wronged by a carrier.

The moves are part of a suite of initiatives announced Thursday in Montreal by Transport Minister Marc Garneau and first reported by the National Post. The initiatives are designed to help Canada's transport sector add to Canada's economic growth.

Garneau will introduce what he is calling the "Air Travellers Passenger Rights Regime" — a series of rules for both carriers and passengers that will govern situations when, for example, luggage is lost or a passenger cannot board an aircraft.

"This will create a more predictable and reasonable approach that will ensure that Canadians understand better what their rights are as they travel by air. This will be done in a balanced way that also ensures air carriers do not suffer undue burden and loss of competitiveness," Garneau said.

The legislation to be introduced is expected to provide for a standard schedule of compensation for passengers when a "right" has been violated by a carrier. It may also have some other remedies for wronged passengers.

In 2009, an NDP MP tried to introduce legislation for a passenger bill of rights that called for, among other things, compensation of up to \$1,200 to passengers bumped off flights and a payment of \$500 to every passenger on a plane for every hour they are stranded on the tarmac.

In the meantime, the Trudeau government hopes to encourage more competition in the Canadian air travel market by boosting foreign ownership limits to 49 per cent from the current 25 per cent. Nonetheless, no single international investor will be permitted to own more than 25 per cent of a particular airline.

This is expected to immediately benefit two airlines — Canada Jetlines Ltd. of Richmond, B.C., and Enerjet of Calgary — which had applied to Garneau's office for an exemption to the foreign ownership restrictions. Both Canada Jetlines and Enerjet will be granted those exemptions immediately while legislation works its way through Parliament.

In clearing the runway for Canada Jetlines, Garneau may also be indirectly helping Canada's aerospace star, Bombardier Inc. of Montreal.

Canada Jetlines, in its application for the foreign ownership exemption, had indicated that, if its business plan unfolds as it hopes, it will likely purchase Bombardier's C Series jets.

Moreover, Jetlines, in its application to Garneau, said it plans to serve markets largely ignored or under-served by Canada's senior carriers, Air Canada and WestJet, and has the backing of dozens of mayors of small to mid-sized cities that could, for the first time, get scheduled passenger service, a move some of those mayors have told Garneau could boost tourism and improve economic prospects for smaller centres.

Canada Jetlines has said it intends to rely mostly on so-called secondary airports such as Abbotsford, B.C., or Hamilton, Ont., which don't charge huge landing fees like Toronto's Pearson Airport does.

Its "ultra low-cost" model would see passengers get a seat and a seatbelt and that's it for their fare. Anything else, including bringing a carry-on bag, will be at an additional cost.

Garneau's moves come after a year in which he consulted widely in each province and follow on recommendations made by former industry minister David Emerson. The so-called "Emerson Report," tabled by Garneau in Parliament last spring, contained dozens of recommendations, including moving foreign ownership limits from 25 per cent to 49 per cent.

Emerson called that restriction "a barrier to entry" for new airlines in Canada.

"There is room to increase competitiveness, as evidenced by the high load factors and the record profits of the two largest carriers, as well as the fact that Canada is the only major air market without an ultra-low-cost carrier," Emerson wrote.

Garneau also vowed to improve airport security screening systems to get travellers to their flights quicker. He said that will include reviewing how the Canadian Air Transport Security Authority (CATSA) is run. "Ultimately, we want to move more people, faster, through airport screening using new technologies and new methods, whilst improving the quality of screening," Garneau said.

Finally, Garneau promised legislation early next year to improve Canada's rail system to make it "more transparent, balanced and efficient." That legislation will include penalties for railway companies that break service agreements with customers.