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Submitted by:

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Copy of submission provided to:

The Office of the Hon. Pat Duncan
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Submission: Examining the Canadian Competition Act in the Digital Era

Dear Mr. Wetston,

I regret that I was not aware of your Consultation Initiative in regards to 'Examining the Canadian Competition Act in the Digital Era' until a contact of mine shared their submission after the submission deadline had already passed. I am writing to you in hopes that you will consider my perspective on this matter whether formally through the Consultation Initiative or otherwise.

My perspective on this matter is that of an entrepreneur, operating as a small enterprise in the airline industry. The airline industry has a number of characteristics, which have the potential to impede competition; these are well covered in a December 1999 House of Commons Transportation Committee report, which I believe remains quite relevant.¹ I believe that the airline industry is one where the appropriateness and modern relevance of the *Competition Act* should regularly be appraised.

In addition to the industry itself having a number of potential barriers to competition, Canada's airline industry plays a pivotal role in connecting Canadian communities. Our December 2020 research found that there were 23

¹ [Committee Report No. 1 - TRAN \(36-2\) - House of Commons of Canada \(ourcommons.ca\)](#)

airlines in Canada providing scheduled service to 189 individual communities.² Looking at the communities, at that time 5% (10 communities) had ceased to receive scheduled service as a result of the pandemic, 70% (140 communities) were only serviced by 1 airline, and 25% (49 communities) had multi-carrier service. The data plainly shows that the vast majority of communities do not receive competitive service in the sense of multiple carriers, and in general it can be said that the communities receiving multiple carrier service are larger and more lucrative to serve; and it is no surprise that at the time Canada's largest airline – Air Canada – provided service to 48 communities, essentially only serving those large and more lucrative community markets.

We are strongly of the view that the *Competition Act* must consider competition under varied market scenarios, not only the larger markets which can support multiple competitors, but also the smaller markets which generally only support a single air carrier; further, the *Act* should consider how consumers, airlines, and other stakeholders can access services between these types of markets. In particular, we urge some scrutiny around the below pivotal questions:

1. Can consumers seamlessly travel between multi-carrier markets and the smaller single carrier markets?
2. Are consumers protected in the event of delays or disruptions when traveling between multi-carrier markets and single carrier markets?
3. Do Canada's largest airlines who primarily serve the multi-carrier markets make efforts to ensure that a reasonable standard of care is achievable for passengers traveling between multi-carrier markets and single carrier markets?

The supplementary document entitled 'A call for aviation/tourism policy requiring that Canada's 2 largest airlines maintain equitable agreements with all regional and northern carriers for Interline Electronic Ticketing (IET) and Frequent Flyer Program (FFP)' provides concrete examples and illustrations where we feel the status quo in the domestic airline industry is failing to meet the needs of the traveling public. We feel the *Competition Act* should be reviewed in reference to the airline industry and with particular consideration to the manner in which travel is procured digitally, for the examples provided clearly show market imperfections that impact the vast majority of communities receiving scheduled air service today.

Thank you for your consideration,

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² See separate PDF Report 'Sustainability in Canada's Domestic Aviation Sector in the face of COVID-19' by Air North Founder & President Joseph Sparling