



13 October 2020

RE: 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)

#### Dear valued colleague or partner,

COVID-19 has had a harsh impact on business. We - Air North, Yukon's Airline - have taken a number of steps to become more resilient amidst an unprecedented deterioration in the demand for air travel, but our efforts have been met with frictions arising from major barriers to competition that exist in the domestic air travel market due to the dominance enjoyed by the 2 largest airlines in Canada (hereafter referred to as 'the mainline carriers'). The mainline carriers impose excessive limitations on northern and regional airlines, thwarting the ability of these smaller players to play a meaningful role in the domestic airline network, threating their survival, and limiting consumer choice. These limitations have damaging impacts on regional economic development, tourism, and the resiliency of the aviation sector as a whole. The purpose of this memo is to articulate a policy position we feel that all levels of Government should embrace.

In this memo, I will introduce 4 key barriers to competition which the mainline carriers impose on northern and regional carriers, and I will provide a number of specific illustrations as evidence of these barriers. For background, this topic is well researched in Rick Erickson's 2015 report to the CTA Review Secretariat in Ottawa<sup>1</sup>; however, it does not appear that the discussion is at the forefront of current policy consideration. Given the severity of the current state of the domestic tourism and aviation industries, we argue that Erickson's 2015 report and associated discussions should be resurfaced as a top priority for policy. We also argue that specific attention should be paid to the parallels with the telecommunications industry in which courts have upheld that the large telcos should be obligated to make their networks accessible on equitable terms to other players in the industry.<sup>2</sup>

The mainline carriers set and control the following 4 barriers to competition in the domestic airline industry:

- 1. They are negligent in the pursuit of domestic alliances with northern and regional airlines, and, in some cases, they unreasonably withhold such alliances in an effort to create excessive competitive advantages
  - a. In contrast, they both have developed a plethora of alliances with non-domestic airlines
- 2. The alliances they do enter with domestic airlines are limited and one-sided in favor of the mainline carrier, whereas their alliances with non-domestic airlines are designed in a more equitable fashion
- 3. The Frequent Flyer Program (FFP) partnerships they do enter with domestic airlines are one-sided in favor of the mainline carrier, whereas they enter more fruitful agreements with non-domestic airlines
- 4. They reduce the degree of consumer protection for passengers connecting between non-alliance airlines, whereas they maintain a high standard for passengers connecting between carriers within an alliance

<sup>1</sup> Erickson, RP (2015). "Comparison of Approaches for Supporting, Protecting & Encouraging Remote Air Service". https://assembly.nu.ca/library/GNedocs/2015/001996-e.pdf

<sup>&</sup>lt;sup>22</sup> CBC (Sep 10, 2020). "Court Rejects Bell, Rogers appeal to CRTC decision on wholesale internet rates." <a href="https://www.cbc.ca/news/business/crtc-broadband-court-1.5718922">https://www.cbc.ca/news/business/crtc-broadband-court-1.5718922</a>

The aforementioned barriers to competition allow the mainline carriers to enjoy a quasi-monopoly with respect to numerous key customer segments who do not see regional or northern carriers as a viable option on the majority of prevalent booking channels. As a result, the mainline carriers are able to severely limit the participation of regional and northern airlines in the domestic travel network. The severe depression in travel demand due to COVID-19 has brought these barriers to the forefront, and we have observed a counterproductive situation in which airlines, consumers, taxpayers, and the environment have all suffered.

In a country as large as Canada and with such a low population density by global standards, it is inappropriate to allow a dynamic to persist wherein the largest 2 providers of air transportation are able to impede the ability of other established regional and northern airlines from being a sellable option on broadly used sales channels for passengers wishing to link travel involving multiple suppliers. Canada would be better served with an approach that recognizes the need to have a strong overall air transportation network with multiple suppliers each 'linked' to the network through technology. Canada appears to recognize this in the telecommunications industry, but there appears to be very little consideration for a similar approach with respect to aviation.

I will elaborate on each of the aforementioned barriers individually with reference to the various appendices contained herein.

## Barrier # 1: insufficient domestic alliances

Appendices 8 and 9 list all of the alliances that the mainline carriers have (excluding Air Canada's many Star Alliance partners). The lists show that both carriers have a plethora of alliances; however, it is clear that the focus is on global alliances with many domestic carriers omitted. Our experience has been that both carriers have unreasonably withheld the establishment of an alliance with us despite over a decade of attempts to strike the conversation, and the data suggests that we are not alone in this respect.

We see domestic alliances as a sure win-win, allowing the smaller regional and northern airlines to build efficient networks to support the remote parts of Canada efficiently and cost effectively and allowing the mainline carriers to establish efficient methods of capturing network feed traffic on their largely Southern-based networks. In the absence of domestic alliances, the regional and northern carriers will lack efficiency and skill that is needed to drive down the costs of their regional/northern networks, and the mainline carriers will not fully service the needs of regional/norther routes. Further, all of the northern and regional airports that are not serviced by a partner of the mainline carriers will not be visible on the majority of prevalent booking channels. As an example, Dawson City, a crucial destination for Yukon tourism, is not visible on online travel agencies due to a lack of alliances.

Appendix 4 shows that Condor has been able to strike a win-win alliance with Air North, which allows Condor to show air service throughout the week when in reality they only fly to Whitehorse once a week (on Sundays). Further, Appendix 5 shows that even Alaska Airlines and American Airlines who are larger 'mainline' carriers in the U.S. have found mutual value in partnering to service the Alaska tourism market, offering more consumer options and greater combined capacity. We see clear evidence from around the world that alliances can be used to create win-wins for both airlines even with airlines that do compete directly, such as the Alaska/American example.

Most recently, we have been told by both mainline carriers that they do not have the resources internally to entertain a domestic alliance with Air North at this time. Both have suggested that their resources are being deployed towards international markets, but with Canada closing its borders to foreign markets we fail to understand why domestic alliances wouldn't be top-of-mind. This logic is supported by IATA's recommendation that airlines look to alliances as a key tool to assist in becoming more resilient in face of COVID-19.<sup>3</sup>

flyairnorth.com · 1.800.661.0407

<sup>&</sup>lt;sup>3</sup> IATA, 2020. "Industry restart: Forming new interline partnerships with the multilateral interline framework." <a href="https://www.iata.org/contentassets/e7a533819be440edbb1e49da96e0f2a8/industry-restart-new-partnerships-in-interline-framework.pdf">https://www.iata.org/contentassets/e7a533819be440edbb1e49da96e0f2a8/industry-restart-new-partnerships-in-interline-framework.pdf</a>

### Barrier # 2: one-sided domestic alliances

For illustration, I have provided detail on the Air Canada-Canadian North Interline Electronic Ticketing (IET) agreement in appendices 11 and 12. Appendix 11 looks at the Iqaluit market which Canadian North uniquely serves, whereas Appendix 12 looks at the Yellowknife market, which is served by Canadian North and the mainline carriers. The data clearly shows a sharp difference in how Air Canada has approached its 'partnership' depending on whether or not Air Canada actually serves the market in question. In the case of the Iqaluit market, which Air Canada does not serve, the partnership is more equitable because both Air Canada and Canadian North sell flights on each of their websites and OTAs, and they each sell at the same price. The major inequality is the fact that Aeroplan members get a way better deal when they book with Air Canada (as I will address under Barrier # 3). In contrast, in the case of the Yellowknife market, there are numerous inequalities, and the partnership is set up in such a way that Canadian North's price offerings are never competitive with what Air Canada offers for passengers traveling wholly with Air Canada, nor does Air Canada even feature Canadian North as an option on its website and other sales channels.

The key highlights regarding the Iqaluit market as shown in Appendix 11 are:

- 1. Air Canada and Canadian North charge the same price on each of their websites
- 2. Air Canada actively sells Canadian North flights on its website
- 3. The best price available to the consumer on Toronto-Iqaluit is \$565 one-way, which is essentially the sum of the one-way price each airline offers on its website and thus consumers do not get any beneficial pricing from the alliance
- 4. Passengers have some incentives to fly with Air Canada as discussed under Barrier # 3 and # 4, but, overall, both airlines are in a somewhat equitable position

In contrast, the Yellowknife market as shown in Appendix 12 differs in every category:

- 1. Air Canada charges almost 50% less on its own website
- 2. Air Canada does not actually sell Canadian North flights on its website
- 3. The best price available to consumers on Yellowknife-Toronto is \$353, which is available only for travel with Air Canada at a discount of almost 50% to the 'sum-of-parts' pricing that Air Canada offers on the Iqaluit route
- 4. Passengers have strong incentives to fly with Air Canada. In addition to Barrier # 3 and # 4, the alliance is designed to allow Air Canada huge advantages in terms of pricing because Air Canada does not allow Canadian North to access the discounted pricing that it affixes to itineraries wholly operated by Air Canada
  - a. This parallels the concept of 'wholesale rates' prevalent in the telecommunications sector

The above example clearly shows that the 'flavor' of partnership is one in which Air Canada concedes nothing to consumers in the market in which it is entirely 'piggy-backing' off Canadian North's network; whereas it creates clear barriers to competition in the market in which it has its own physical air service. In the telecommunications world, this would be equivalent to a large teleco paying 'access fees' and receiving 'wholesale rates' from a small teleco having some unique regional infrastructure, but on the flip side the large teleco charging 'access fees' but providing no 'wholesale rate'. This type of arrangement would stand out in the telecommunications industry, but for some reason it has seemed to 'fly under the radar' in the aviation sector.

#### Barrier # 3: insufficient and one-sided FFP agreements

In Appendix 10, I show a comparison of the Aeroplan participation terms for passengers traveling with Canadian North versus passengers traveling with Air Canada. The data clearly shows that passengers traveling with Air Canada achieve more favorable terms. While Air Canada does own the program and thus should enjoy some advantages from the program, it is clear that there is a strong incentive for consumers to choose Air Canada, and in all likelihood the FFP Agreement strongly favors Air Canada.

#### Barrier # 4: lack of consumer protection and customer service when traveling outside of alliances

The final major barrier that impacts the ability of regional and northern airlines to compete in the domestic air travel market is the fact that consumers do not receive the same protection from the mainline carriers in the event of flight disruptions on connecting flights. The below scenarios illustrate the different treatment that currently occurs in the case of Air North and Air Canada who have a Baggage Transfer Agreement to facilitate the transfer of baggage but not a deeper agreement which would cover a level of shared accountability for the passenger:

Route	Carrier	Scenario	Outcome
Whitehorse-Toronto (via Vancouver)	All sectors with Air Canada	Late arrival into Vancouver; miss connection to Toronto	Air Canada rebooks passenger on next available flight; hotels & meals depending on cause of delay
Toronto-Whitehorse (via Vancouver)	All sectors with Air Canada	Late arrival into Vancouver; miss connection to Whitehorse	Air Canada rebooks passenger on next available flight; hotels & meals depending on cause of delay
Whitehorse-Toronto (via Vancouver)	Whitehorse-Vancouver with Air North	Late arrival into Vancouver; miss connection to Toronto	Air Canada treats passenger as no-show and ticket value is forfeited; Air North may choose to pay for re-booking at its discretion
Toronto-Whitehorse (via Vancouver)	Vancouver-Whitehorse with Air North	Late arrival into Vancouver; miss connection to Whitehorse	Air North may choose to re-book passenger at its discretion; Air Canada may provide meals & hotel depending on cause of delay

The above is driven by air transport regulations governed by the Canadian Transportation Agency (CTA) and in particular the relatively new Air Passenger Protection Regulations (APPR). While these regulations are generally designed to favor consumers, they do not enforce any obligations if the consumer is traveling with multiple carriers outside of an alliance and as a result it is up to the air carrier's discretion as to how they handle these instances. We pride ourselves on doing everything we can to facilitate passengers flying with us and connecting beyond, and as a result we routinely accept passengers connecting on to us on alternate flights with no extra charge if their inbound connection is delayed. We can't however assume liability for accommodations and meals if this results in a long layover. When a passenger is connecting from us to Air Canada, the passenger protection falls under Air Canada's Tariff as summarized below (Rule 70):

C. If passenger fails to meet any of these requirements (checked in and available for boarding within the prescribed time limits), the Carrier may reassign pre-reserved seat and/or cancel the reservation of such passenger(s) who arrives past the aforementioned time limits. Carrier is not liable to the passenger for loss or expense due to failure by a passenger to comply this rule. Carrier's liability shall be limited to providing a General Refund, per RULE 100 – REFUNDS.

Unfortunately, our customers have routinely told us that Rule 100 has been enforced with no consideration for the fact that their inbound connecting flight was delayed, and we have repeatedly been told that the agents make comments such as 'that's what you get when you don't fly all the way with us'. We feel this is a very important area for regulatory scrutiny alongside the other barriers mentioned herein since this particular area stems from some of the key regulations in place in the air transportation sector and provides evidence of how these regulations are working 'in practice' within Canada's domestic travel network.

#### Summary of the Whitehorse market competition with no alliances

As it stands, the Whitehorse market is currently serviced with Air Canada being the primary mainline carrier offering year-round service through Vancouver, WestJet being a seasonal mainline carrier offering summer-only service through Calgary, and Air North being the local regional/northern carrier based in Whitehorse, Yukon and servicing 7 Southern destinations and 5 Northern destinations from Whitehorse. Due to a lack of alliance between Air North and either mainline carrier, there is a unique dynamic wherein the majority of the connecting passengers fly with the mainline carriers with only a minority of local traffic flying with them, largely due to schedule preferences, points programs, lack of brand awareness of Air North in southern markets, desire for different aircraft/in-flight service characteristics, the mainline carriers having some unique distribution channels, and the mainline carriers having stronger 'system-wide' travel agency incentives. In contrast, Air North primarily flies 'local traffic' with a small subset of passengers connecting beyond Air North's destinations largely due to the various discussed herein.

In appendices 1, 2, 3, 6, and 7 I provide concrete examples and data to show how different connecting air travel scenarios are currently sold, and how they would be priced if Air North could properly sell these as supported by an alliance. The below summary shows that in almost all cases Air North currently offers reduced pricing; however, these itineraries are difficult to book due to the lack of the selling & distribution enhancements that come with an alliance. In particular, on the specific flights in question there would be over 45% savings in booking Ottawa-Whitehorse as a connecting flight with Air North and as discussed in Appendix 7 there are also major schedule advantages to enabling this option. Due to a lack of alliances, it is very unlikely that consumers would be able to 'piece together' the below travel scenarios, and thus their travel decision would most likely default to the mainline carriers, largely due to the 4 barriers mentioned herein.

### Summary of pricing options to illustrative markets

			Air North	Lowest Cost	\$ Savings	% Savings
Appendix	From	To	Connector	Competitor	(Increase)	(Increase)
1	YXY	DEN	\$278	\$301	-\$23	-7.6%
2	LAX	YXY	\$232	\$309	-\$77	-24.9%
3	YYZ	YXY	\$545	\$507	\$38	7.5%
6	YXS	YXY	\$207	\$257	-\$50	-24.2%
7	YOW	YXY	\$451	\$656	-\$205	-45.5%

### Summary of inequalities in the charging of fees and taxes on non-alliance connections

Another consideration is that consumers are charged higher surcharges, fees, and taxes when they 'piece together' their own travel by combining flights from two different carriers who don't have an alliance. This is because a non-alliance connecting booking is not integrated between the airlines with technology, allowing the two airlines to appropriately charge third-party fees and taxes that correctly apply on the total travel itinerary. Furthermore, the big airlines waive/reduce 'Carrier Surcharges' on connections wholly with the same airline, but they do not offer these concessions if passengers are connecting with another non-alliance airline. The unequal charging of fees and taxes should be a red flag for the regulators and the various airport authorities that manage airports across Canada since their fees and charges presumably were not intended to provide an avenue for competitive advantage to select carriers in the country.

The 3 surcharges, fees & taxes in question are as follows:

#### 1. Carrier Surcharge

- a. A discretionary fee charged by air carriers to capture/account for cost items
- b. Described in the following link (as shown by the screen capture)
  - i. <a href="https://www.aircanada.com/content/dam/aircanada/portal/html/dailog-box/booking-flow/surcharges\_en.html">https://www.aircanada.com/content/dam/aircanada/portal/html/dailog-box/booking-flow/surcharges\_en.html</a>

### What are the additional charges in my Fare?

- · Carrier Surcharges
- ATSC
- · Airport Improvement Fees
- · International Destinations (including the U.S.)

Note: The information below is intended as a guideline only. Actual fees, charges and surcharges are subject to change, and may vary depending on the itinerary. Some exceptions apply.

#### **Canadian Destinations**

Carrier Surcharges: Carrier surcharges are included in the Air Transportation Charges and are collected by airlines to partially offset certain volatile, unpredictable or fluctuating operating costs and fees, and certain fare Premiums linked to peak travel periods. These carrier surcharges can be used to offset some (among others) of the following costs: fuel, navigational charges, insurance charges, or select peak travel dates.

Air Travellers Security Charge (ATSC): The Canadian Parliament enacted the Air Travellers Security Charge Act to fund increased government expenditures on air travel security for travel in Canada in the wake of the events of September 11, 2001. For domestic itineraries, the ATSC is \$7.12 CAD each way to a maximum charge of \$14.25 CAD. For transborder itineraries, the ATSC is up to \$12.10 CAD / USD.

Airport Improvement Fees (AIFs): Many airports in Canada and around the world have implemented Airport Improvement Fees (AIFs). In some cases, airports collect these fees at the airport at time of departure; in others, the fees are collected at time of ticketing and are reflected in the additional charges portion of your fare. Canadian airports that include the AIF on your ticket are listed in the table below. All amounts are in CAD.

- c. The examples in Appendix 13, 14, and 15 show that the mainline carriers discount these surcharges only in the case that passengers are connecting wholly with the mainline carrier
- 2. Air Travellers Security Charge (ATSC)
  - a. A fee mandated by Transport Canada to cover costs of providing security at Listed Airports
  - b. Described in the following link
    - i. <a href="https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/atscrates/air-travellers-security-charge-atsc-rates.html">https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/atscrates/air-travellers-security-charge-atsc-rates.html</a>
  - c. Our analysis shows that these fees appear to be waived in some cases by the mainline carriers on connecting flights; however, they are fully applied to each segment when combining a non-alliance carrier ticket with a mainline carrier ticket
- 3. Airport Improvement Fee (AIF)
  - a. A fee levied by each airport in Canada independently pursuant to its fees and terms
  - b. The fee is normally to be exempt on connecting passenger bookings as better explained by Calgary Airport Authority in the following link
    - i. https://www.yyc.com/en-us/travellerinfo/airportimprovementfee.aspx
  - c. Our analysis shows that these fees appear to be waived in some cases by the mainline carriers on connecting flights; however, they are fully applied to each segment when combining a non-alliance carrier ticket with a mainline carrier ticket
  - d. Further, there is an additional inequality wherein the mainline carriers enjoy a profit-generating processing fee for administering the AIFs as discussed in the following CBC article
    - i. https://www.cbc.ca/news/canada/airport-upgrades-tax-airlines-fees-gabor-lukacs-canada-1.4003104
    - ii. Inclusive of the processing fees, the mainline carriers enjoy an even greater advantage over non-alliance carriers in this fee category

Below is a summary of the excess charges applicable to the flight itineraries described in Appendix 13, 14, and 15:

#### Summary of un-equal charging of fees and taxes on connecting flights

							Exces	s Charges,	Fees & T	'axes
			Air North	Lowest Cost	\$ Savings	% Savings	Carrier			
Appendix	From	То	Connector	Competitor	(Increase)	(Increase)	Surcharges	ATSC	AIF	Total
13	YXY	YLW	\$275	\$269	\$6	2.1%	\$9.00	-\$0.01	\$0.00	\$8.99
14	YLW	YXY	\$296	\$283	\$13	4.6%	\$9.00	\$7.12	\$5.00	\$21.12
15	YXY	YYZ	\$433	\$375	\$58	15.5%	\$23.00	-\$0.01	\$25.00	\$47.99

We can see that the mainline carriers enjoy between \$8.99 and \$47.99 in advantage relating to the charging of surcharges, fees & taxes on the 3 itineraries considered. This is a major source of advantage which pretty much explains the price difference between the Air North connecting option and the option of flying wholly with a mainline carrier.

#### Conclusion

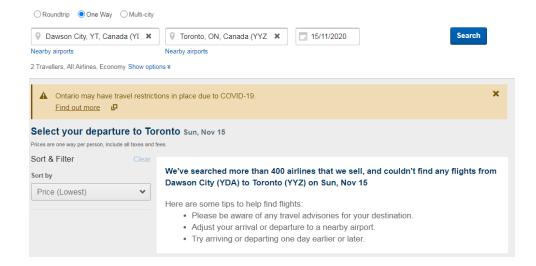
COVID-19 is a major threat facing all Canadians and organizations and businesses throughout Canada. In our case, we have been fiercely determined to make prudent business decisions to make ourselves as resilient as possible, so we can not only survive but also do so without imposing a major burden on taxpayers. At the same time, we have observed that the Whitehorse market has received redundant service from mainline carriers throughout the pandemic, and this has resulted in both carriers flying numerous empty seats and neither achieving a meaningful operating margin from which to cover the large fixed costs associated with running an airline. This gloomy outlook has caused us to look critically at our market and at our industry for solutions that can make the overall industry more resilient.

The current market dynamic is completely unsustainable, and there appears to be no end in sight, and with that in mind it has become apparent to us that there are major barriers to competition which place us and other regional/northern airlines at a severe competitive disadvantage when it comes to being able to attract and service passengers traveling beyond our northern/regional networks and connecting onto the broader domestic travel market. As a result, we are seeing across Canada that the mainline carriers are imposing hardships on the regional/northern markets, either by competing with redundant capacity when partnership solutions would produce a win-win or by abandoning markets that don't serve their interest and leaving the local market at a loss. Neither outcome is an ideal solution for Canadians.

Herein, we have identified 4 key barriers to competition that we feel are prevalent in respect to how mainline carriers compete with regional/northern carriers. While these barriers can place incredible harms on regional/northern carriers, on consumers, and on the industry as a whole, the good news is that the solution is pretty simply; the mainline carriers need to enter and maintain equitable agreements with all regional and northern carriers for Interline Electronic Ticketing (IET) and Frequent Flyer Program (FFP), much like they have done with a plethora of international airlines, recognizing the mutual benefits of partnership. The mainline carriers have the technical wherewithal to enter these agreements in short-order, and we feel this is a paramount issue for our own survival and for the resiliency of aviation/tourism in Canada.

We have also specifically discussed the Whitehorse air travel market in which we clearly see cases where the mainline carriers enjoy advantages over Air North due to the fact that an IET/FFP Alliance does not exist. Further, we can clearly see that the

mainline carriers enjoy an advantage in terms of their own Carrier Surcharges, the ATSC charged by the Government of Canada, and the AIF charged by most airports in Canada. Together these advantages create an unequitable platform wherein non-alliance carriers are at a huge competitive disadvantage when competing for passengers traveling in part on the networks of the mainline carriers. This dynamic hinders competition in the Canadian air transport industry and also hurts consumers, providing fewer air travel options and completely castrating certain air markets from the overall domestic network. For example, Dawson City, which is the second largest airport in Yukon doesn't even show up as a flight option on standard online booking tools used by a variety of consumers as shown in the below Expedia search for Dawson City-Toronto flights:



Dawson City does not 'belong' to the domestic air transport network from a consumer visibility/booking perspective due to the fact that neither mainline carrier has entered an IET agreement with Air North, and this clearly shows that our air transportation network is disjointed with the mainline carriers defining Canada's route map to meet their own competitive objectives.

Thank you for the opportunity to provide you with our position on a pivotal area in which immediate policy attention is needed in order to ensure the resiliency of northern and regional airlines as well as the associated customers, businesses, NGOs, and Government organizations they serve. Please feel free to provide comment or feedback directly to me via the contact details provided below.

All the best,

Benjamin Ryan

Chief Commercial Officer 867-336-0509 ryanb@flyairnorth.com





#### Appendix 1: Illustration from Whitehorse-Denver Market

Below is an illustration relating to the Whitehorse-Denver route, a popular route for mining sector travel with some prominent mining companies and suppliers being based in Denver. Air North was offering a \$23 per ticket savings (7.6%) on this route at the time of the capturing of the data. Further, Air North offers a more efficient schedule with a shorter layover at YVR. Due to barriers, Air North is at a major competitive disadvantage and struggles to capture bookings on this route.

#### Illustration 1: Whitehorse-Denver (popular mining sector route)

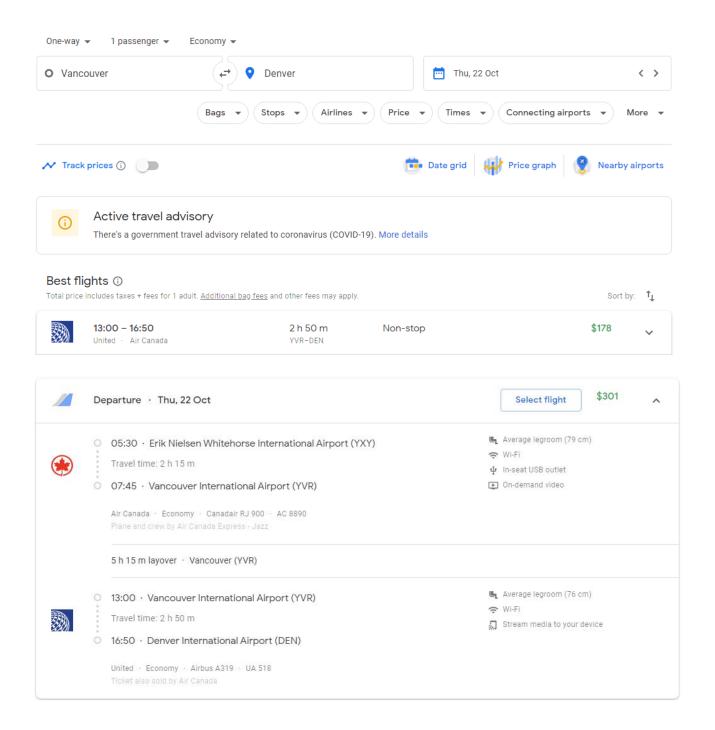
Travel Date: October 22, 2020

Observed At: October 2, 2020 - 1915 PM Yukon Time

			Lowest Available Fare	Implied Fare (No	Implied AC
			(Google Flights)	Connector Discounts)	Discount
4N	YXY	YVR	\$226		n/a
AC	YXY	YVR	\$236		n/a
UA	YVR	DEN	\$178		n/a
AC	YXY	DEN	\$301	\$414	48%
4N	YXY	DEN	Not Available	\$404	n/a

## % Diff Connector Fare Combined fare w/ Air North \$100 connector: \$278 -7.6% \$123 O Whitehorse YXY Vancouver YVR m Thu, 22 Oct Connecting airports Check before travelling (i) Check for government guidance related to coronavirus (COVID-19) before travelling Prices are currently typical for your trip. Details All flights Total price includes taxes + fees for 1 adult. Additional bag fees and other fees may apply. 07:30 - 09:45 2 h 15 m Non-stop \$226 Air North YXY-YVR

Equivalent







#### Appendix 2: Illustration from Whitehorse-Los Angeles Market

Below is an illustration relating to the Whitehorse-Los Angeles route, a popular route for tourism sector travel with LAX being one of the largest airports in the U.S. Air North was offering a \$77 per ticket savings (24.9%) on this route at the time of the capturing of the data. Further, Air North offers a more efficient schedule with a shorter layover at YVR. Due to barriers, Air North is at a major competitive disadvantage and struggles to capture bookings on this route.

### Illustration 2: Los Angeles-Whitehorse (popular transborder tourism route)

Travel Date: July 14, 2021

LAX

LAX

Observed At: October 2, 2020 - 1915 PM Yukon Time

YXY

\$309

Not Available

			(Google Flights)	Implied Fare (No Connector Discounts)	Discount
1	YVR	YXY	\$259		n/a
С	YVR	YXY	\$306		n/a
С	LAX	YVR	\$132		n/a

Equivalent
Price Diff % Diff Connector Fare

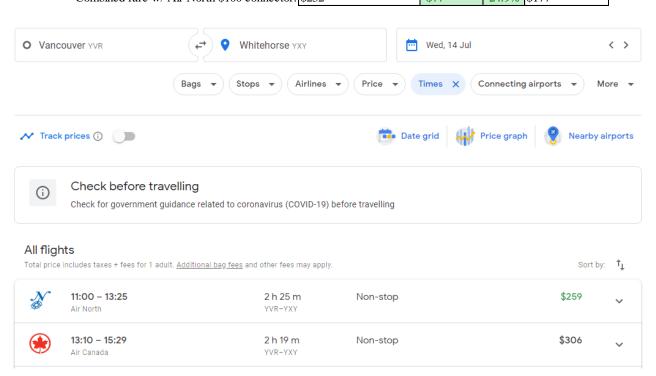
Combined fare w/ Air North \$100 connector: \$232 -\$77 -24.9% \$177

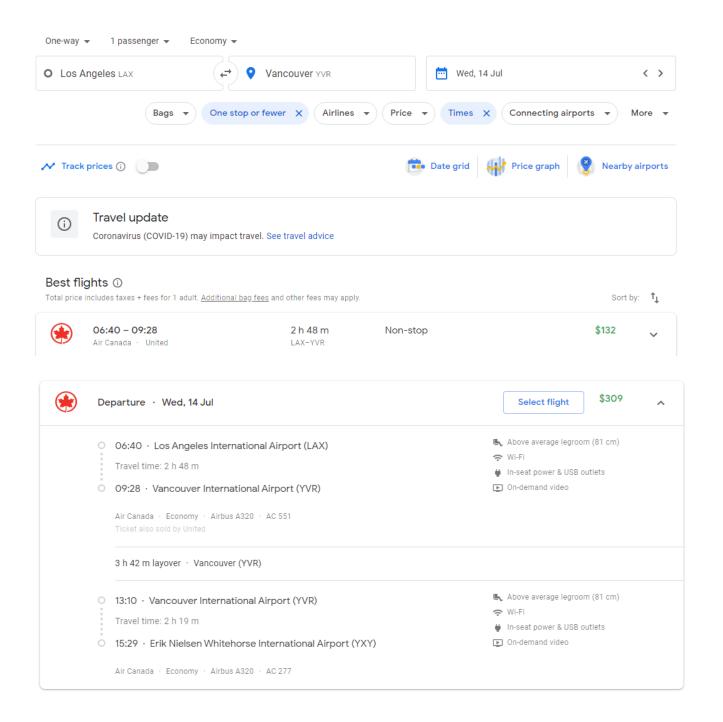
42%

n/a

\$438

\$391









#### Appendix 3: Illustration from Whitehorse-Toronto Market

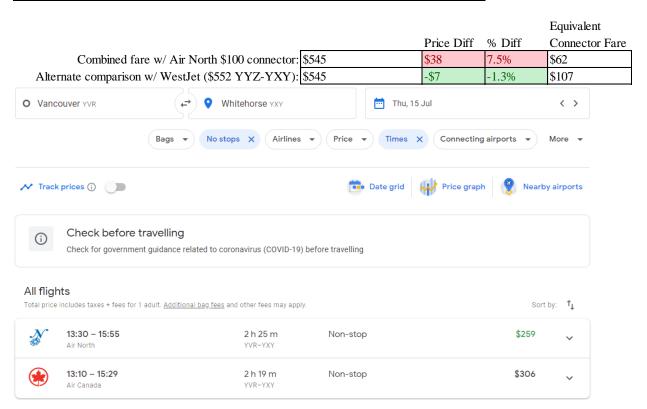
Below is an illustration relating to the Whitehorse-Toronto route, a popular route for domestic travel from many sectors of the economy. Air North was priced \$38 per ticket more expensive that Air Canada (7.5%); however, this includes a \$25.00 Airport Improvement Fee at YVR, which technically shouldn't apply but with the booking made on 2 separate tickets it is procedurally difficult to exempt. Air North was priced slightly cheaper than WestJet. In the case of WestJet, a more convenient 1000 departure from Toronto could be offered through an alliance versus the 0645 that is offered through direct flights. Due to barriers, Air North is at a major competitive disadvantage and struggles to capture bookings on this route.

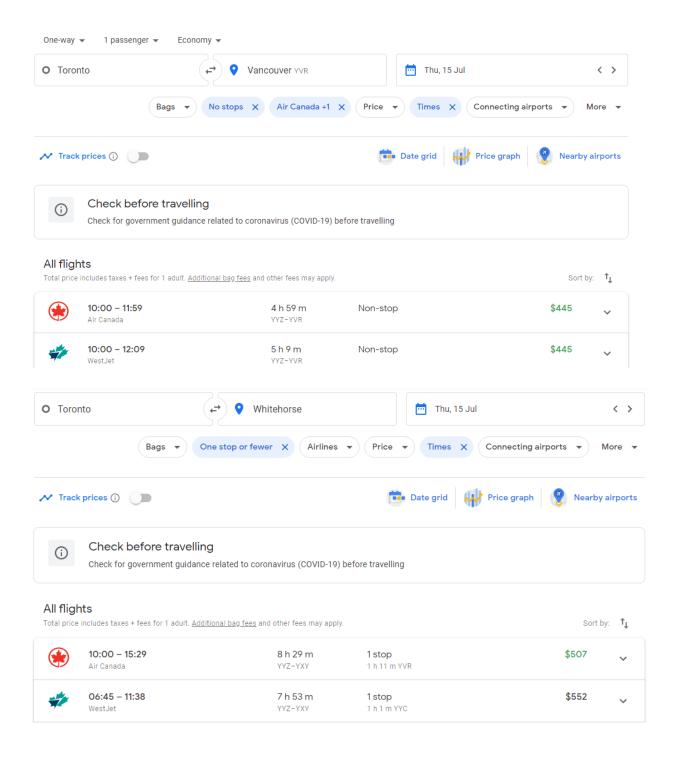
Illustration 3: Toronto-Whitehorse (popular domestic tourism/Corporate/Government route)

Travel Date: July 15, 2021

Observed At: October 2, 2020 - 1915 PM Yukon Time

			Lowest Available Fare (Google Flights)	Implied Fare (No Connector Discounts)	Implied AC Discount
4N	YVR	YXY	\$259		n/a
AC	YVR	YXY	\$306		n/a
AC	YYZ	YVR	\$445		n/a
AC	YYZ	YXY	\$507	\$751	80%
4N	YYZ	YXY	Not Available	\$704	n/a







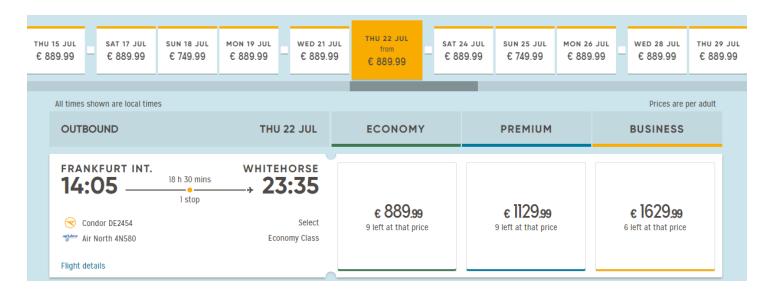
#### Appendix 4: Illustration from Whitehorse-Frankfurt Market

Below is an illustration of the positive commercial/consumer impact that arises from a functional interline agreement. In this case, Condor is able to market service from Frankfurt to Whitehorse multiple days per week despite the fact that it only physically flies to Whitehorse on Sundays. Through an alliance, Condor and Air North benefit from jointly being able to offer more flight options to consumers, and consumers benefit from having access to different combinations of travel dates to meet their travel needs. With Air North's robust service to Vancouver Airport, as well as historically Calgary and other domestic airports, a domestic alliance with either or both of the mainline carriers would have a similar tremendous positive impact on the schedule offerings to/from most domestic markets and many other non-domestic markets of interest. This would have a positive impact on tourism, regional economic development, and on the aviation sector as a whole while benefiting consumers.

## Illustration 4: Frankfurt-Whitehorse (popular tourism sector route)

Travel Date: July 22, 2021

Observed At: October 2nd, 2020 - 1930 PM Yukon Time







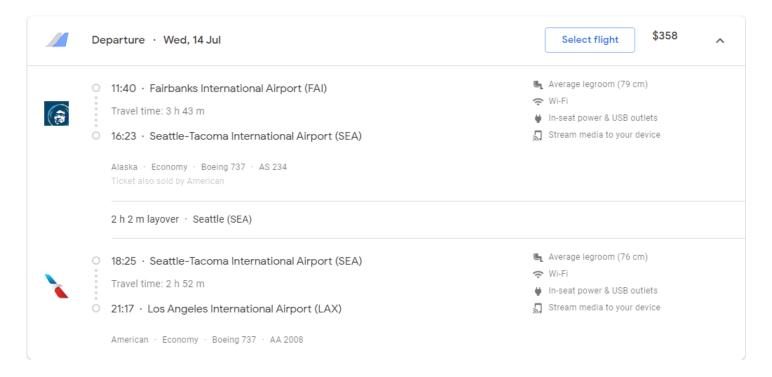
#### Appendix 5: Illustration from Fairbanks-Los Angeles Market

Below is an illustration of the positive commercial/consumer impact that arises from a functional interline agreement. In this case, Alaska Airlines and American Airlines are able to market a unique flight offering with an attractive and efficient itinerary on a prime tourism route. This is a very interesting case because it shows that two competitors in the U.S. have identified that there is still a win-win to be had from forming an alliance covering certain routes. In this case, Alaska Airlines is able to support its robust Alaska service, whereas American is able to 'tap in' to the Alaska tourism market to support its prime Seattle-Los Angeles route. The dynamic shown below would be very similar to Air North partnering with one or both of the mainline carriers to sell Dawson City-Toronto or Whitehorse-Montreal for example.

### Illustration 5: Fairbanks-Seattle (popular tourism sector route in Alaska)

Travel Date: July 14, 2021

Observed At: October 2, 2020 - 1930 PM Yukon Time







#### Appendix 6: Illustration from Whitehorse-Prince George Market

Below is an illustration relating to the Whitehorse-Prince George route, a popular route for mining sector travel with some major mining supply companies and fly-in mine workers being based in Prince George. Air North was offering a \$50 per ticket savings (19.5%) on this route at the time of the capturing of the data. Further, Air North offers an almost identical schedule with no major difference in the duration of the shorter layover at YVR. Due to barriers, Air North is at a major competitive disadvantage and struggles to capture bookings on this route.

#### Illustration 6: Prince George-Whitehorse (popular mining sector route)

Travel Date: October 18, 2020

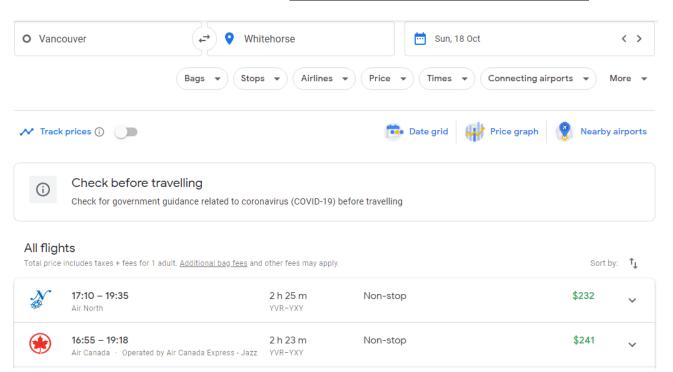
Observed At: October 3, 2020 - 915 AM Yukon Time

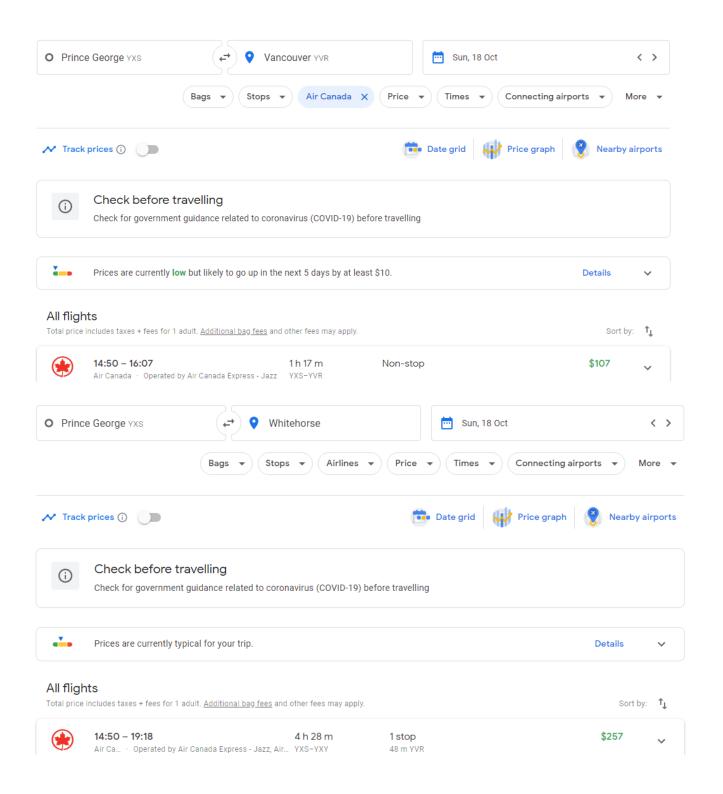
Lowest Available Fare	Implied Fare (No	Implied AC	
(Google Flights)	Connector Discounts)	Discount	

4N	YVR	YXY	\$232		n/a
AC	YVR	YXY	\$241		n/a
AC	YXS	YVR	\$107		n/a
AC	YXS	YXY	\$257	\$348	38%
4N	YXS	YXY	Not Available	\$339	n/a

#### Equivalent

		Price Diff	% Diff	Connector Fare
Combined fare w/ Air North \$100 connector:	\$207	-\$50	-19.5%	\$150







#### Appendix 7: Illustration from Whitehorse-Ottawa Market

Below is an illustration relating to the Whitehorse-Ottawa route, a popular route for Government and leisure travel. Air North was offering a \$205 per ticket savings (31.3%) on this route at the time of the capturing of the data. This illustration looks at passengers wishing to arrive in Whitehorse before 3 PM to illustrate the importance of schedule. With this restriction in place, Air Canada's two flights via Vancouver are exempted, leaving only WestJet's service through the Calgary hub as a mainline carrier option. An analysis of flight schedule offerings produces a perplexing result; in the absence of an alliance, WestJet's best schedule offering is an 18-hour travel time requiring 2 stops and an overnight. Similarly, Air Canada can't offer any option that gets a passenger into Whitehorse before 3 PM. With an alliance, both carriers could offer an option that gets passengers into Whitehorse before 3 PM, and in the case of WestJet they could cut the travel time down to closer to 8 hours, providing a much more competitive option from the consumer standpoint. Due to barriers, Air North is at a major competitive disadvantage and struggles to capture bookings on this route.

#### Illustration 7: Ottawa-Whitehorse (popular Government route)

Travel Date: July 7, 2021

Observed At: October 3, 2020 - 930 AM Yukon Time

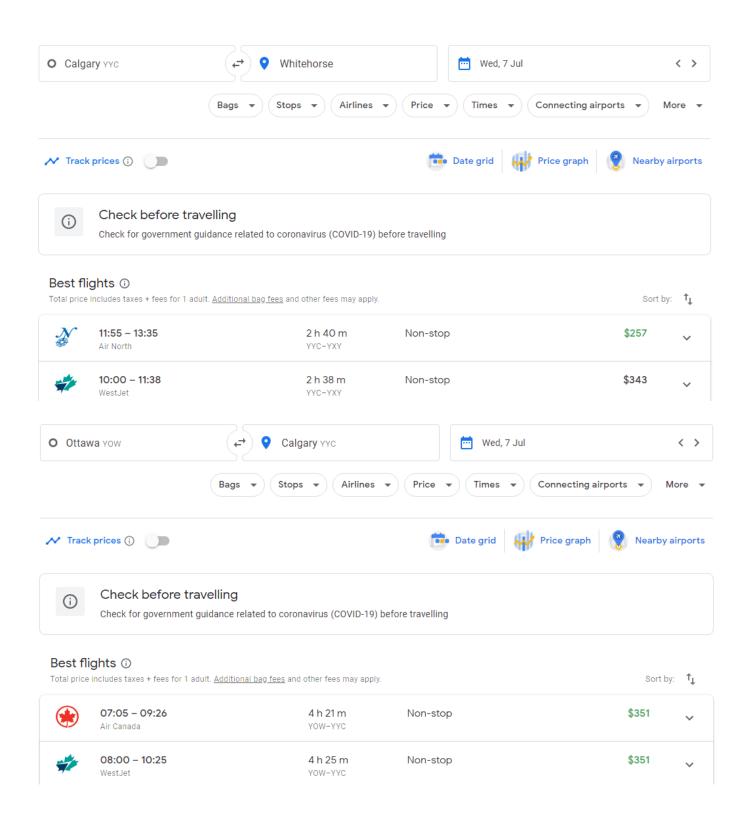
			(Google Flights)	Connector Discounts)	Discount
4N	YYC	YXY	\$257		n/a
WS	YYC	YXY	\$343		n/a
WS/AC	YOW	YYC	\$351		n/a
WS	YOW	YXY	\$656	\$694	11%
4N	YOW	YXY	Not Available	\$608	n/a

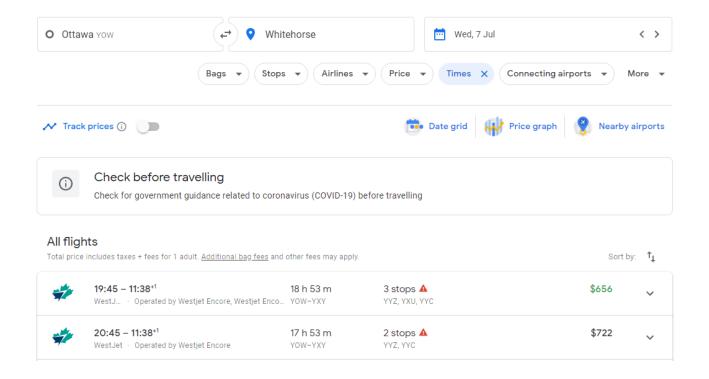
Lowest Available Fare

				Equivalent
		Price Diff	% Diff	Connector Fare
Combined fare w/ Air North \$100 connector:	\$451	-\$205	-31.3%	\$305

Implied Fare (No.

Implied AC









#### Appendix 8: List of Air Canada Non-Star Alliance Interline Electronic Ticketing (IET) Partners

#### Illustration 8: Air Canada Interline Partners; Non-Star Alliance

#### Source:

https://www.aircanada.com/ca/en/aco/home/book/routes-and-partners/star-alliance-and-other-airline-partners.html

Aer Lingus (EI)

Aeroflot Russian Airlines (SU) Aerolineas Argentinas (AR)

Aeroméxico (AM) Air Algérie (AH) Air Baltic (BT)

Air Calédonie (SB) Air Creebec (YN)

Air Dolomiti (EN) Air France (AF)

Air Malta (KM) Air Mauritius (MK) Air Serbia (JU)

Air Tahiti Nui (TN) Alaska Air (AS)

Alitalia (AZ) Avianca Costa Rica (LR) Avianca Ecuador (2K) Avianca El Salvador (TA)

Azul Linhas Aereas Brasileiras (AD)

American Airlines (AA) Bearskin Airlines (JV)

Biman Bangladesh Airlines (BG)

British Airways (BA)
Canadian North (5T)
Caribbean Airways (BW)
Cathay Dragon (KA)
Cathay Pacific (CX)
Cayman Airways (KX)
Central Mountain Air (9M)
China Airlines (CI)

China Eastern Airlines (MU) China Southern Airlines (CZ) Czech Air (OK)
Delta Airlines (DL)
Edelweiss Air (WK)
Emirates (EK)
Etihad Airways (EY)
Eurowings (EW)
Fiji Airways (FJ)
First Air (7F)

Garuda Indonesia (GA) GOL (G3)

Gulf Air (GF)

Hawaiian Airlines (HA) Hong Kong Airlines (HX)

Iberia (IB)
Icelandair (FI)
Interjet (4O)
Japan Airlines (JL)
Jeju Air (7C)
Jetstar (JQ)
JetStar Asia (3K)
JetStar Japan (GK)
Juneyao Airlines (HO)
Kenya Airlines (KQ)

KLM (KL)

Korean Airlines (KE) Kuwait Air (KU) LATAM Airlines Group (LA, LP/XL/4C/JJ/PZ)

LIAT (LI) Luxair (LG)

Malaysian Airlines (MH) Middle East Airlines (ME)

Olympic Air (OA) Oman Air (WY)

Philippine Airlines (PR) Qatar Airways (QR) Qantas Airways (QF) Royal Air Maroc (AT) Royal Jordanian (RJ)

Saudi Arabian Airlines (SV) Silver Airways (3M) SriLankan Airlines (UL)

Tunisair (TU)

Ukraine International Airlines (PS)

Vietnam Airlines (VN) Vietnam Airlines (VN) Virgin Atlantic Airways (VS) Virgin Australia (VA) Wideroe (WF)





Appendix 9: List of WestJet's Alliance Interline Electronic Ticketing (IET) Partners

## Illustration 9: WestJet Interline Partners

Source:

https://www.westjet.com/en-ca/about-us/airline-partners

Our interline partners	Baggage info
Aer Lingus	Baggage
Aeroflot	Baggage
Air China	Baggage
Air New Zealand	Baggage
Air Tahiti Nui	Baggage
Alaska Airlines	Baggage
Alitalia	Baggage
American Airlines	Baggage
British Airways	Baggage
Canadian North	Baggage
Central Mountain Air	Baggage
Condor	Baggage
Dragonair	Baggage
EL AL	Baggage
Etihad	Baggage
Eva Air	Baggage
Fiji Airways	Baggage
Finnair	Baggage
First Air	Baggage
Icelandair	Baggage
LOT Polish Airlines	Baggage
Pakistan International Airline	Baggage
PAL Airlines	Baggage
Qatar Airways	Baggage
Royal Air Maroc	Baggage
TAP Portugal	Baggage
Tunisair	Baggage
Ukraine International Airline	Baggage
United Airlines	Baggage
Virgin Australia	Baggage





Appendix 10: Illustration of Air Canada's Aeroplan Loyalty Participation Terms with Canadian North (5T)

## Illustration 10: Aeroplan Loyalty Participation

#### Source:

https://www.aeroplan.com/earn\_miles/our\_partners/partner\_details.do?Partner=CanadianNorth#/https://www.aeroplan.com/earn\_miles/our\_partners/partner\_details.do?Partner=AirCanada#/

#### All Destinations†

Eligible Booking C	lasses	Minimum Miles	
Class of Service	Booking Classes	Base Miles *	Air Canada Altitude and Aeroplan Members
	Υ	100%	500 miles
Economy	C, H, V, P	75%	375 miles
	M, O	50%	250 miles
	B, A, T	25%	125 miles

Website: http://www.canadiannorth.com

Earn miles every time you purchase an eligible fare and travel on scheduled flights operated by Air Canada, Air Canada Express and Air Canada Rouge. The Aeroplan Miles you earn are based on the distance you fly and the fare option you purchase. Most miles also qualify as Altitude Qualifying Miles and count towards Air Canada Altitude™ status which offers premium travel benefits designed exclusively for Air Canada's most loyal customers. For the complete details on Air Canada Altitude, please visit altitude, aircanada.com. In addition, the Aeroplan Miles you earn are redeemable for a wide range of rewards, including flights to over 1,300 destinations worldwide.

FARE OPTIONS BOOKING CLASSES	AIR CANADA VOUGE			
BOOKING CLASSES	Aeroplan Miles	Altitude Qualifying Miles (AQM)	Altitude Qualifying Segments (AQS)	
FLIGHTS WITHIN CANADA				
Business Class (flexible) Premium Rouge (J,C,D)	150%1	150%1	1	
Business Class (lowest) Premium Rouge (Z, P)	150%1	150%1	1	
Premium Economy (flexible) (O)	125%2	125%2	1	
Premium Economy (lowest) (E,N)	125%2	125%2	1	
Latitude (Y,B)	125%2	125%2	1	
comfort (M,U,H,Q,V,W,S,T,L,A,K) <sup>5</sup>	115%3	115%3	1	
Flex (M,U,H,Q,V,W,G,S,T,L,A,K) <sup>5</sup>	100%	100%	1	
Standard (M,U,H,Q,V,W,G,S,T,L,A,K) <sup>6</sup>	25%	25%	1	
Economy Basic (M,U,H,Q,V,W,G,S,T,L,A,K,F) <sup>6</sup>	10%	0%	0	





#### Appendix 11: Illustration of Air Canada's Alliance with Canadian North (5T) in the Iqaluit Market

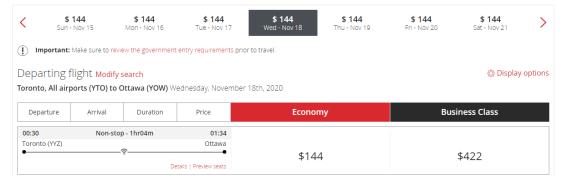
The below illustration demonstrates the economics of the existing alliance between Air Canada and Canadian North with respect to the Iqaluit market. In the case of Iqaluit, Air Canada actively sells Iqaluit on its website, and the partnership is set up so that both Air Canada and Canadian North sell for the same price, which is simply the sum of the sectors involved in the travel with no discounting. This is in contrast to almost any route Air Canada flies wherein connecting flights are priced at less-than the sum of the two sectors.

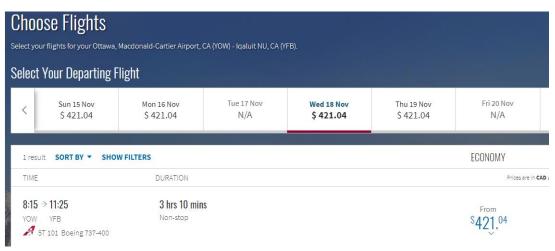
### Illustration 11: Canadian North Partnership in the Iqaluit market

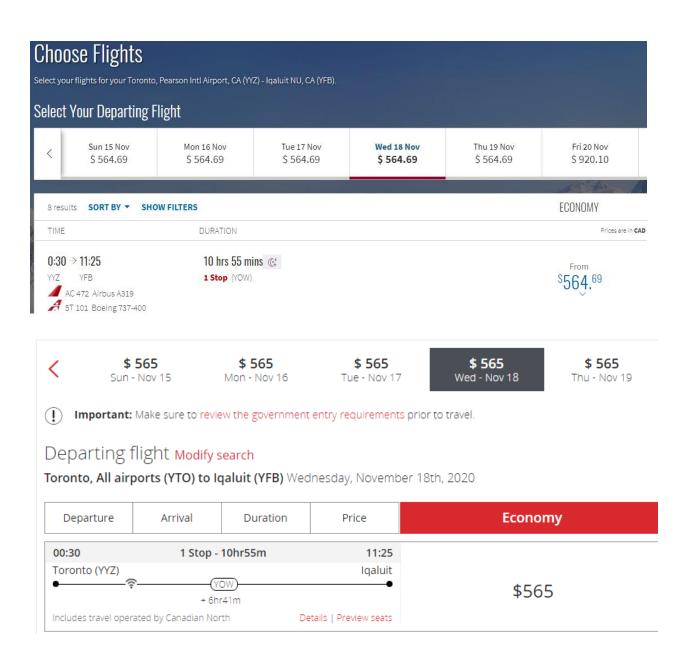
Travel Date: November 18, 2020

Observed At: October 5, 2020 - 450 PM Yukon Time

Sector	Airline	Price	Sum of Parts	\$ Discount	% Discount
Toronto-Ottawa	AC	\$144	n/a	n/a	n/a
Ottawa-Iqaluit	5T	\$421	n/a	n/a	n/a
Toronto-Iqaluit	AC	\$565	\$565	\$0	0.0%
Toronto-Iqaluit	5T	\$565	\$565	\$0	0.0%









#### Appendix 12: Illustration of Air Canada's Alliance with Canadian North (5T) in the Yellowknife Market

The below illustration demonstrates the economics of the existing alliance between Air Canada and Canadian North with respect to the Yellowknife market. In the case of Yellowknife, Air Canada does not sell alliance flights involving Canadian North on its website, so only Canadian North offers these flights through its direct sales channel. Further, the pricing that Canadian North offers on its website does not include any discounted sectors from Air Canada and thus it is very close to the sum of the sectors involved in the travel with no discounting. This is in contrast to almost any route Air Canada flies wherein connecting flights are priced at less-than the sum of the two sectors, and as a result Air Canada shows up almost 50% cheaper if the passenger flies the entire itinerary with Air Canada. At the same time, Air Canada has priced the Yellowknife-Edmonton sector the same as Canadian North, so it would appear that the entire 'discounting' being applied on Air Canada's Yellowknife-Toronto itinerary is effectively being applied on the Edmonton-Toronto sector, which Canadian North is only able to access at full price. This is a great illustration of the fact that the structure of this alliance is very one-sided, precluding Canadian North from offering competitive connecting ticket prices and ensuring that Air Canada is priced favorably on connecting itineraries in all sales channels (including GDS and online travel agencies).

#### Illustration 12: Canadian North Partnership in the Yellowknife market

Travel Date: November 18, 2020

Observed At: October 5, 2020 - 450 PM Yukon Time

Sector	Airline	Price	Sum of Pa	arts \$ Discou	nt % Discount
Edmonton-Toronto	AC	\$308	n/a	n/a	n/a
Yellowknife-Edmonton	5T	\$215	n/a	n/a	n/a
Yellowknife-Toronto	AC	\$353	\$523	-\$170	-48.2%
Yellowknife-Toronto	5T	\$484	\$523	-\$39	-8.1%

Air Canada/Canadian North Yellowknife-Edmonton Price Difference: \$0

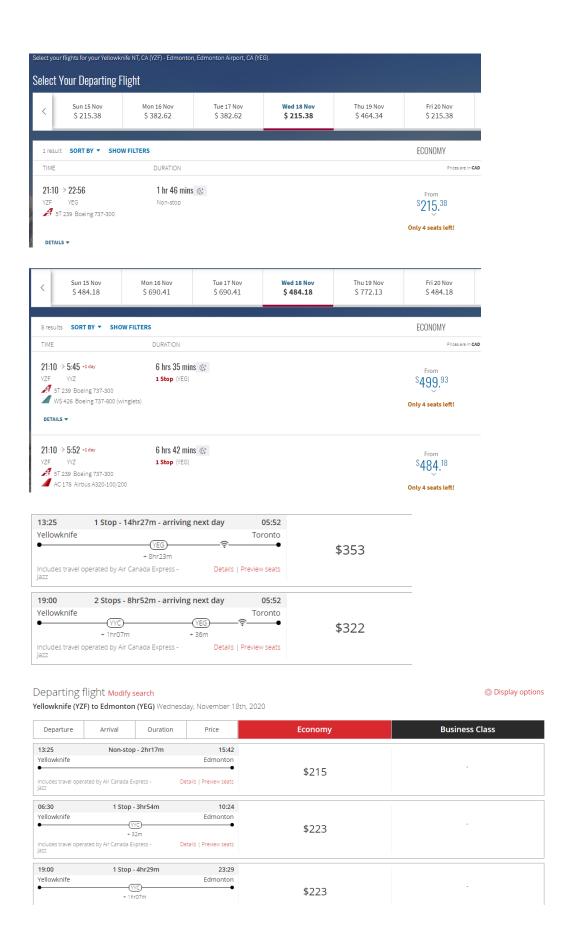
\$ 116 \$ 116 \$ 116 \$ 116 \$ 116 \$ 116 \$ 110

[] Important: Make sure to review the government entry requirements prior to travel.

## Departing flight Modify search

Edmonton (YEG) to Toronto (YYZ) Wednesday, November 18th, 2020

Departure	Arrival	Duration	Price	Economy
00:05	Non-stop	Non-stop - 3hr47m 05:52		
Edmonton				
		De	\$308	







#### Appendix 13: Illustration of Fees and Taxes on connecting flights - Whitehorse-Kelowna

The below illustration shows how Air North is at a disadvantage in terms of competing on price on the Whitehorse-Kelowna route with \$8.99 more fees and taxes being charged to a passenger looking to connect from Air North to Air Canada through Vancouver versus flying the entire way with Air Canada. In this case, the difference entirely relates to the fact that Air Canada only charges \$30 in 'Carrier Surcharges' on a Whitehorse-Kelowna itinerary (the same as a Whitehorse-Vancouver itinerary), but it charges a \$16 Carrier Surcharge when a passenger books a standalone Vancouver-Kelowna itinerary on top of Air North's \$23 Surcharge on Whitehorse-Vancouver, resulting in \$9 more total surcharges.

Illustration 13: Fee and Tax disadvantage on non-alliance booking Whitehorse-Kelowna

Travel Date: October 23, 2020

Observed At: October 11, 2020 - 105 PM Yukon Time

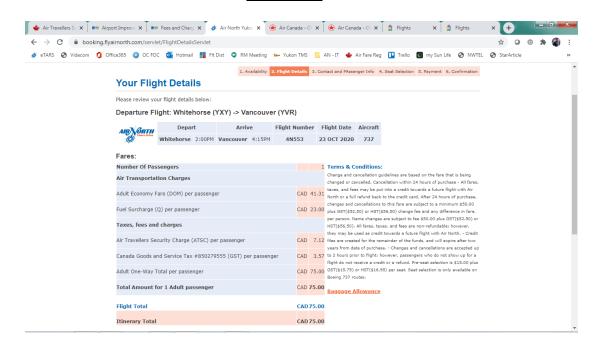
Sector	Airline	All-in	Surcharges	ATSC	AIF	
Whitehorse-Vancouver	4N	\$75.00	\$23.00	\$7.12	\$0.00	
Whitehorse-Vancouver	AC	\$254.00	\$30.00	\$7.12	\$5.00	
Whitehorse-Kelowna	AC	\$269.06	\$30.00	\$14.25	\$5.00	
Vancouver-Kelowna	AC	\$199.63	\$16.00	\$7.12	\$5.00	

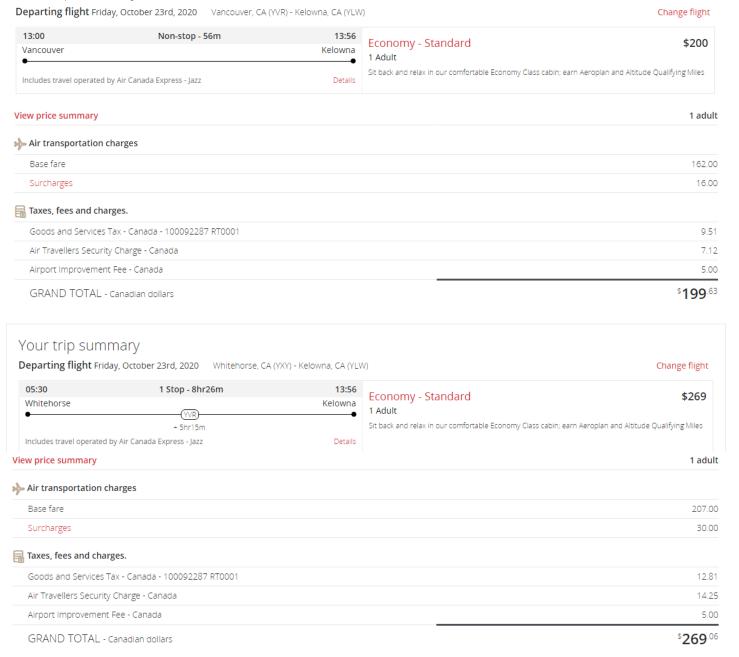
\*Special 'Domestic Connector Fare'

Whitehorse-Kelowna 4N-AC \$274.63 \$39.00 \$14.24 \$5.00 Diff: \$5.57 \$9.00 -\$0.01 \$0.00

Modified Diff w/ equal fees & surcharges: -\$3.42

Unavoidable excess charges: \$8.99





GRAND TOTAL - Canadian dollars

Departing flight Friday, October 23rd, 2020 Whitehorse, CA (YXY) - Vancouver, CA (YVR)

Change flight

\$**254**.23

05:30 Whitehorse	Non-stop - 2hr15m	07:45 Vancouver	Economy - Standard \$254 1 Adult
Includes travel operate	d by Air Canada Express - Jazz	Details	Sit back and relax in our comfortable Economy Class cabin; earn Aeroplan and Altitude Qualifying Miles
ew price summary			1 adul
Air transportation	charges		
Base fare			205.00
Surcharges			30.00
Taxes, fees and cha	arges.		
	Tax - Canada - 100092287 RT0001		12.1
Goods and Services			





#### Appendix 14: Illustration of Fees and Taxes on connecting flights – Kelowna-Whitehorse

The below illustration shows how Air North is at a disadvantage in terms of competing on price on the Kelowna-Whitehorse route with \$21.12 more fees and taxes being charged to a passenger looking to connect from Air Canada to Air North through Vancouver versus flying the entire way with Air Canada. In this case, the difference relates to \$9.00 more in Carrier Surcharges as well as \$7.12 more in ATSC and \$5.00 more in AIF being charged when the passenger combines Air North and Air Canada versus flying entirely with Air Canada. In this case, in addition to the passenger paying higher combined 'Carrier Surcharges' due to Air Canada only waiving it's Vancouver-Kelowna charge on passengers connecting with Air Canada, there are also excess Federal Government ATSC charges and excess charges specific to Vancouver Airport Authority (VAA).

Illustration 13: Fee and Tax disadvantage on non-alliance booking Kelowna-Whitehorse

Travel Date: October 23, 2020

Observed At: October 11, 2020 - 105 PM Yukon Time

Sector	Airline	All-in	Surcharges	ATSC	AIF
Vancouver-Whitehorse	4N	\$75.00	\$23.00	\$7.12	\$5.00
Vancouver-Whitehorse	AC	\$259.48	\$30.00	\$7.12	\$5.00
Kelowna-Whitehorse	AC	\$282.58	\$30.00	\$7.12	\$25.00
Kelowna-Vancouver	AC	\$220.63	\$16.00	\$7.12	\$25.00

\*Special 'Domestic Connector Fare'

Kelowna-Whitehorse	4N-AC	\$295.63	\$39.00	\$14.24	\$30.00
	Diff:	\$13.05	\$9.00	\$7.12	\$5.00

Modified Diff w/ equal fees & surcharges: -\$8.07

Fares:

Unavoidable excess charges: \$21.12

Departure Flight: Vancouver (YVR) -> Whitehorse (YXY)

AIB NORTH	Depa	rt	Arrive		Flight Number	Flight Date	Aircraft
AIR NORTH	Vancouver	5:10PM	Whitehorse	7:35PM	4N574	23 OCT 2020	737

Number Of Passengers		1
Air Transportation Charges		
Adult Economy Fare (DOM) per passenger	CAD	36.31
Fuel Surcharge (Q) per passenger	CAD	23.00
Taxes, fees and charges		
Air Travellers Security Charge (ATSC) per passenger	CAD	7.12
Airport Improvement Fee (AIF) per passenger	CAD	5.00
Canada Goods and Service Tax #850279555 (GST) per passenger	CAD	3.57
Adult One-Way Total ner nassenger	CAD	75.00

Terms & Conditions:

Change and cancellation guidelines are based on the fare that is being changed or cancelled. Cancellation within 24 hours of purchase - All fares, taxes, and fees may be put into a credit towards a future flight with Air North or a full refund back to the credit card. After 24 hours of purchase, changes and cancellations to this fare are subject to a minimum \$50.00 plus GST(\$52,50) or HST(\$56,50) change fee and any difference in fare, per person. Name changes are subject to fee \$50.00 plus GST(\$52.50) or HST(\$56.50). All fares, taxes, and fees are non-refundable; however they may be used as credit towards a future flight with Air North. - Credit files are created for the remainder of the funds, and will expire after two years from date of purchase. - Changes and cancellations are accepted up to 2 hours prior to flight; however, passengers who do not show up for a flight do not receive a credit or a refund. Pre-seat selection is \$15.00 plus GST(\$15.75) or HST(\$16.95) per seat. Seat selection is only available on Boeing 737 routes.

Baggage Allowance

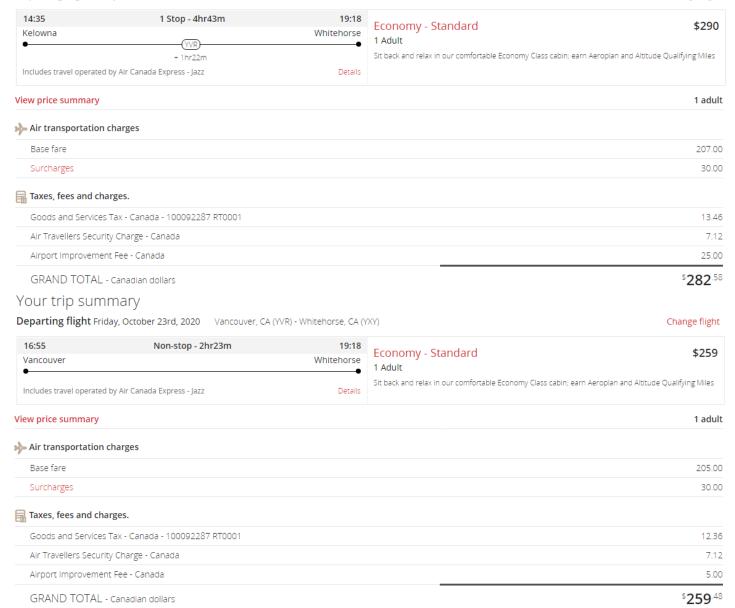
CAD **75.00** 

Flight Total CAD 75.00 Itinerary Total CAD 75.00

Total Amount for 1 Adult passenger

Departing flight Friday, October 23rd, 2020 Kelowna, CA (YLW) - Whitehorse, CA (YXY)

Change flight



Departing flight Friday, October 23rd, 2020 Kelowna, CA (YLW) - Vancouver, CA (YVR)

Change flight

14:35 Kelowna	Non-stop - 58m	15:33 Vancouver	Economy - Standard \$221
Includes travel operated by Air Canada Express - Jazz		Details	Sit back and relax in our comfortable Economy Class cabin; earn Aeroplan and Altitude Qualifying Miles
/iew price summary			1 adult
Air transportation	charges		
Base fare			162.00
Surcharges			16.00
Taxes, fees and cha	arges.		
Goods and Services	Tax - Canada - 100092287 RT0001		10.51
Air Travellers Securi	ty Charge - Canada		7.12
Airport Improvemen	nt Fee - Canada		25.00
GRAND TOTAL	- Canadian dollars		\$220 <sup>63</sup>





#### Appendix 15: Illustration of Fees and Taxes on connecting flights – Whitehorse-Toronto

The below illustration shows how Air North is at a disadvantage in terms of competing on price on the Whitehorse-Toronto route with \$47.99 more fees and taxes being charged to a passenger looking to connect from Air North to Air Canada through Vancouver versus flying the entire way with Air Canada. In this case, the difference relates to \$23.00 more in Carrier Surcharges as well as \$25.00 more in AIF being charged when the passenger combines Air North and Air Canada versus flying entirely with Air Canada. In this case, in addition to the passenger paying higher combined 'Carrier Surcharges' due to Air Canada only waiving it's Vancouver-Toronto charge on passengers connecting with Air Canada, there are also excess charges specific to Vancouver Airport Authority (VAA).

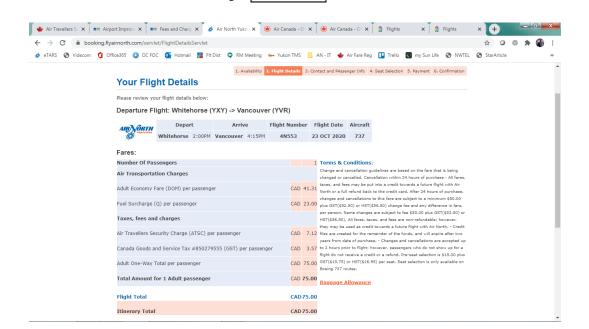
Illustration 15: Fee and Tax disadvantage on non-alliance booking Whitehorse-Toronto

Travel Date: October 23, 2020

Observed At: October 11, 2020 - 105 PM Yukon Time

Unavoidable excess charges: \$47.99

Sector	Airline	All-in	Surcharges	ATSC	AIF	
						_
Whitehorse-Vancouver	4N	\$75.00	\$23.00	\$7.12	\$0.00	*Special 'Domestic Connector Fare'
Whitehorse-Vancouver	AC	\$254.00	\$30.00	\$7.12	\$5.00	
Whitehorse-Toronto	AC	\$374.98	\$30.00	\$14.25	\$0.00	
Vancouver-Toronto	AC	\$358.00	\$30.00	\$7.12	\$25.00	
Whitehorse-Toronto	4N-AC	\$433.00	\$53.00	\$14.24	\$25.00	
	Diff:	\$58.02	\$23.00	-\$0.01	\$25.00	
Modified Diff w/ equal fee	\$10.03				_	



Departing flight Friday, October 23rd, 2020 Vancouver, CA (YVR) - Kelowna, CA (YLW)

Change flight



View price summary	1 adult
Air transportation charges	
Base fare	162.00
Surcharges	16.00
Taxes, fees and charges.	
Goods and Services Tax - Canada - 100092287 RT0001	9.51
Air Travellers Security Charge - Canada	7.12
Airport Improvement Fee - Canada	5.00
GRAND TOTAL - Canadian dollars	\$ <b>199</b> . <sup>63</sup>

## Your trip summary

Departing flight Friday, October 23rd, 2020 Whitehorse, CA (YXY) - Toronto, CA (YYZ)

Change flight



View price summary	1 adult
Air transportation charges	
Base fare	320.00
Surcharges	30.00
☐ Taxes, fees and charges.	
Goods and Services Tax - Canada - 100092287 RT0001	17.86
Air Travellers Security Charge - Canada	7.12
GRAND TOTAL - Canadian dollars	\$374 <sup>.98</sup>

Departing flight Friday, October 23rd, 2020 Vancouver, CA (YVR) - Toronto, CA (YYZ)

Change flight

10:00	Non-stop - 4hr20m	17:20	Economy - Standard \$35		
Vancouver •	<u> </u>	Toronto (YYZ)	1 Adult		
		Details	Sit back and relax in our comfortable Economy Class cabin; earn Aeropian and Altitude Qualifying Mile		
iew price summary			1 adult		
Air transportation ch	narges				
Base fare			279.00		
Surcharges			30.00		
Taxes, fees and charg	ges.				
Goods and Services Ta	ax - Canada - 100092287 RT0001		17.06		
Air Travellers Security	Charge - Canada		7.12		
Airport Improvement F	Fee - Canada		25.00		
GRAND TOTAL - c	anadian dollars		\$ <b>358</b> .18		