



Travellers' Protection Initiative



Coalition pour la protection des voyageurs

# **Travellers' Protection Initiative / Coalition pour la protection des voyageurs**

**Follow up letter to the Standing Committee on  
Transport and Communications  
Considering  
Bill C-11, an Act to amend the  
*Canada Transportation Act* and the  
*Railway Safety Act* and to make  
consequential amendments to other Acts**

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June 6, 2007

## **Travellers' Protection Initiative / Coalition pour la protection des voyageurs**

### **Follow up letter to the Standing Committee on Transport and Communications Considering Bill C-11**

Honourable Members of the Standing Committee on Transport:

On behalf of the Travellers' Protection Initiative (TPI), I am writing to urge members to reconsider the amendments that have been proposed by the Standing Senate Committee on Transport, in respect of advertising of the full cost of airline travel.

The TPI presentation to the Standing Senate Committee focused largely on consumer protection and specifically on the change that was made by the House Standing Committee on Transportation. This change amended Sec. 27 of the Act that creates S. 86. 1, of the *Canada Transportation Act*, which if approved, would require air carriers to fully disclose the cost of airline travel, with the exception of Provincial sales tax and the Federal GST.

The TPI has concerns that members of the Senate have been influenced by the position of the air carriers in their recent presentation to the Standing Senate Committee and we would like to reiterate the importance of the original proposed amendment and what it means to Canadian consumers.

We understand that the rationale behind the amendment from the Senate was concern from two major air carriers that only two provinces in Canada, Ontario and Quebec, have specific provincial legislation that require travel agencies to fully disclose the cost of air travel in their advertising. Further, it is the airlines' position that the absence of legislation in other provinces requiring total price disclosure will be injurious to the airlines as it will allow travel agencies in other Canadian provinces to advertise net prices which will be lower than the total price of air travel.

In this regard, British Columbia also has a specific *Travel Industry Act* and has the ability under its consumer protection legislation to include price transparency requirements by regulation under the deceptive practices prohibition. In Alberta, Section 4 (s) of the *Fair Trading Act* states that giving less prominence to the total price of goods or services than to the price of a part, or failure to give the total price, are unfair practices. In Manitoba, Subsection 2(3)(r) of the *Business Practices Act* states that it is an unfair business practice where the price of part of a consumer transaction is given in an advertisement to not give reasonable prominence to the total price.

With either specific or potentially prohibitive legislation in place in Canada's most populous provinces representing the overwhelming majority of travel agency business, the concerns of Canada's major airlines about potential "unfair" competition is more ephemeral than real. Five of the largest provinces in Canada

require complete transparency in airline advertising in some form or other and these five provinces cover a high proportion of the sales in this country. It is also arguable that the federal legislation may have a broad enough ambit to govern *any* advertisers of airline travel services in Canada. In any case, a firm stand on deceptive advertising would likely put an end to non-disclosure by the small minority of travel agents who may not be compelled to comply. Travel Agencies would have nothing to gain by not disclosing those same costs of services being sold on behalf of an air carrier.

The TPI also has great concern that the course of action urged by the airlines and endorsed by the Senate, continues a pattern of potential misrepresentation for the sole reason that "someone else might be doing it." Is this really the standard we want for our licensed carriers?

Finally, U.S. counterpart airlines *are* required to fully disclose the cost of travel services, including all transportation taxes and fees, with the exception of the U.S. federal tax, which is very similar to what was being proposed in the original amendment to this Bill C-11. This levels the playing field for both sellers and purchasers of these products.

In closing, we again urge Honourable Members to fully consider the implications of the Senate proposals to make changes to what has been specifically addressed, considered, and approved in deliberations in the House, which was responsive to evidence of overwhelming consumer preference for total price disclosure. It is not in keeping with the objectives of the Act to allow our air carriers to advertise in a way that is far below the Canadian expectation of business and advertising ethics.

Respectfully submitted,

The Travellers' Protection Initiative / La Coalition pour la protection des voyageurs



Michael Pepper,  
President and CEO /  
Président et Chef de la direction  
Travel Industry Council of Ontario



Michael Janigan  
Executive Director and General  
Counsel / Directeur exécutif et  
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**Christiane Théberge**  
President  
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ACTA



Michel Arnold  
Director  
Option Consommateurs

## **APPENDIX A**

### ***Travellers' Protection Initiative*** **Membership**

**The Travel Industry Council of Ontario (TICO)** is a not-for-profit corporation wholly-financed by Ontario-registered travel agents and wholesalers. It administers the Ontario *Travel Industry Act* and the Ontario Travel Industry Compensation Fund. The Ontario Travel Industry Compensation Fund is wholly-financed by the industry to protect consumers who do not receive the travel services for which they paid due to the insolvency or bankruptcy of an Ontario-registered travel agent or travel wholesaler, or due to the cessation of an end supplier airline or cruise line. The Fund only covers consumers who have booked through an Ontario-registered travel agent. TICO may be contacted at (905) 624-6241 or 1-888-451-TICO or [www.tico.on.ca](http://www.tico.on.ca), email [tico@tico.on.ca](mailto:tico@tico.on.ca)

**The Public Interest Advocacy Centre (PIAC)** is a national non-profit organization working to advance the interests of individuals and groups who are generally unrepresented, or under-represented, in issues of major public concern. PIAC focuses primarily on consumer issues concerning telecommunications, travel, energy, privacy, the information highway, electronic commerce, financial services, broadcasting, and competition law. PIAC undertakes legal and research services on behalf of consumers and seeks to ensure that the public interest is served, and not neglected, by decision-makers in government and the private sector, when decisions are made about consumer issues. PIAC may be contacted at (613) 562-4002 or [www.piac.ca](http://www.piac.ca), email [piac@piac.ca](mailto:piac@piac.ca)

**Option consommateurs** is dedicated to defending and promoting the interests of consumers, primarily those with low incomes. To that end, it is active in various industry sectors through its credit counselling, legal, press, research and advocacy divisions. The association team is made up of about twenty individuals working in a variety of professions such as law, finance, journalism, and research. Option consommateurs directly reaches up to 10,000 consumers annually, and conducts more than 400 media interviews. In addition to sitting on numerous task forces and taking part in various consultations, the association team publishes research reports, memoranda, practical guides and news articles. Option consommateurs may be contacted at (514) 598-7288, 1-888-412-1313 or [www.option-consommateurs.org](http://www.option-consommateurs.org)

**The Association of Canadian Travel Agencies (ACTA)** is a national trade association representing the retail travel sector of Canada's tourism industry. ACTA is an industry-led, non profit, membership-based organization. Its members include retail travel agencies and suppliers such as tour operators, travel wholesalers, airlines, hotels, destination marketing organizations, cruise and rail lines, and automobile rental companies. ACTA represents the interests of Canadian travellers through approximately 2,600 members employing 18,000 travel professionals. ACTA may be contacted at: (613) 237-3657 or [www.acta.ca](http://www.acta.ca)

**The Canadian Association of Airline Passengers (CAAP)** is a coalition of consumer organizations formed in 1999 to respond to the pending restructuring of the Canadian airline industry, and to advocate policy and regulatory requirements which are fundamental to protect passengers' rights. PIAC and Option consommateurs are both founding members of CAAP. <http://www.piac.ca/caap.htm>.

Other members of CAAP who have lent their voice to the *Travellers' Protection Initiative* include:

[Air Passenger Safety Group](#)

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