Brief to the Senate Standing Committee on National Finance



A Reform Without a Safety Net for Air Passengers –
Comments on Bill C-31

June 11, 2026

OPTION consommateurs

Option consommateurs is an independent, non-profit organization dedicated to helping consumers and defending their rights.

As a registered charity, it offers many services (legal information, budget consultations and information sessions), makes representations to decision-makers and leads collective actions. It focuses on areas related to personal finance, business practices, financial services, privacy protection, energy, debt and access to justice.

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The *Budget Implementation Act, 2023, No. 1*, which received Royal Assent three years ago, updated the *Air Passenger Protection Regulations* (APPR) and gave the Canadian Transportation Agency (CTA) the authority to recover from air carriers the costs associated with handling passenger complaints.[1]

Three years later, those amendments have yet to be implemented.

Consumers have borne the consequences. Many continue to contact Option consommateurs because they received little information or assistance when their flights were disrupted.

Bill C-31 now proposes to transfer responsibility for handling passenger complaints to private complaint resolution bodies chosen by air carriers.[2] At the same time, implementation of the proposed amendments to the APPR would be postponed indefinitely in order to clear the existing complaint backlog.[3]

Option consommateurs believes this reform is premature. The amendments to the APPR, which could have helped prevent many complaints from arising in the first place, have never been implemented. Option consommateurs therefore calls, first and foremost, **for the amendments to the APPR that have been pending for the past three years to be implemented**.

We also call **for public consultations to be held to inform a regulatory framework for private complaint resolution bodies**. We are concerned that the bill provides little information about the transparency, independence and impartiality requirements that would apply to these bodies.

Implementing the amendments to the APPR

The *Budget Implementation Act, 2023, No. 1* proposed simplifying the APPR. Because these amendments have never implemented, the shortcomings identified in 2023 remain unresolved. More recently, media reports have highlighted practices used by some air carriers to avoid compensating passengers.[4]

As a consumer advocacy organization, Option consommateurs has observed the situation deteriorating. Many consumers contact us because they receive contradictory or vague information when their flights are disrupted. They are often required to navigate multiple

[1] *Budget Implementation Act, 2023, No. 1*, S.C. 2023, c. 26, Part 4, Division 23.
[2] *A second Act to implement certain provisions of the budget tabled in Parliament on November 4, 2025*, First Session, 45th Parliament, Part 4, Division 17 (hereinafter "C-31").
[3] Government of Canada, *Canada Strong for All: Spring Economic Update 2026*, April 28, 2026, p. 65.
[4] See RADIO-CANADA, "WestJet aurait changé des avions pour éviter de dédommager des passagers," *Radio-Canada*, May 11, 2026; Stéphanie GRAMMOND, "Un recul inacceptable pour les voyageurs," *La Presse*, June 2, 2026.

administrative steps to assert their rights, making an already stressful situation even more burdensome and frustrating.

Passengers turn to the CTA because they are dissatisfied. Having received inadequate information and help, they feel they have been left to their own devices following a flight disruption. Yet solutions have been available since 2023, including:

- A presumption of carrier liability in the event of a flight disruption, except where the carrier can demonstrate that exceptional circumstances apply,[5] would simplify the compensation process for consumers. A comparable system has been in place in Europe for more than 20 years.[6] It is difficult to justify why an airline operating the Montreal–Paris route should be subject to different passenger compensation obligations depending on which side of the Atlantic the flight originates.
- Clearer information requirements, including mandatory updates during flight disruptions and detailed explanations whenever compensation is denied.[7]

Implementing these amendments to the APPR would have improved communication with passengers and provided greater clarity about their rights, reducing consumer dissatisfaction and, ultimately, the number of complaints filed with the CTA.

Option consommateurs therefore finds it difficult to understand why the government has chosen to pursue a major overhaul of the complaints process. It is difficult to justify replacing a system that has been described as "broken"[8] when the measures intended to improve it have never been brought into force. Option consommateurs therefore urges the government to **honour the commitment it made in 2023 to simplify and strengthen the APPR**.

Regulating private complaint resolution bodies to ensure sound governance

Bill C-31 leaves several important questions unanswered about the standards that should apply to private complaint resolution bodies if they are to serve the public interest.[9] What standards should these bodies be required to meet to ensure sound governance? What

[5] CANADIAN TRANSPORTATION AGENCY, *Consultation Paper: Proposed changes to clarify, simplify and strengthen the* Air Passenger Protection Regulations, July 11, 2023**.**
[6] *Regulation (EC) No. 261/2004 of the European Parliament and of the Council of 11 February 2004 establishing common rules on compensation and assistance to passengers in the event of denied boarding and of cancellation or long delay of flights, and repealing Regulation (EEC) No. 295/91 (Text with EEA relevance)*.
[7] *Regulations Amending the Air Passenger Protection Regulations*, subsections 2(1) and 11(3).
[8] Antoine TRÉPANIER, "Ottawa change un « système brisé » et s'attaque à l'arriéré de plaintes," *La Presse*, May 1, 2026.
[9] The measures that we believe touch on these issues are the obligation of designated persons to provide information to the Minister when requested, and the obligation of the Minister to make public an annual report. C-31, section 349, new section 85.15 and subsection 85.26(1) of the *Canada Transportation Act*.

accountability mechanisms will be put in place? How should their boards of directors be structured? What procedural safeguards will ensure a fair process for passengers?

The bill should **provide for a regulatory framework governing these bodies**. Option consommateurs believes **public consultations should be held to inform the development of that framework**.

A similar process was undertaken by the Canadian Radio-television and Telecommunications Commission (CRTC) when it established the Commission for Complaints for Telecom-television Services (CCTS), the independent body responsible for resolving complaints in the telecommunications sector.[10]

These consultations should inform a regulatory framework that would:

- **ensure the transparency and impartiality of private complaint resolution bodies; and**
- **establish standards to ensure that complaint resolution remains accessible to passengers.**

Putting safeguards in place to ensure the transparency and impartiality of private complaint resolution bodies

Bill C-31 proposes creating an alternative process under which private organizations would be authorized to resolve air passenger complaints.[11] These amendments appear to create a competitive framework for complaint handling,[12] in which air carriers would be able to choose the private body responsible for handling complaints about their own services, while passengers would have no say in that choice.

This proposal raises important questions about whether such a system would operate in a transparent, impartial and consumer-focused manner. It also runs counter to recent reforms in other sectors. In particular, it appears to reverse changes introduced in the banking sector in 2023 to strengthen the independence of external complaint resolution.

In Budget 2023, the same budget that promoted strengthening the APPR, the government stated its intention "to designate a single, not-for-profit, body corporate to be the sole external complaints body."[13] Before that change, consumers were required to contact either the Ombudsman for Banking Services and Investments (OBSI) or the ADR Chambers Banking Ombuds Office, depending on which organization their financial institution had selected.

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[10] CRTC, *Telecom Public Notice CRTC 2007-16*, August 22, 2007; CRTC, *Telecom Decision CRTC 2007-130*, December 20, 2007; Order in Council P.C. 2007-533, April 4, 2007, *Order requiring the CRTC to report to the Governor in Council on consumer complaints*.
[11] C-31, section 349, new subsection 85.2(1) of the *Canada Transportation Act*.
[12] C-31, section 349, new subsection 85.2(2) of the *Canada Transportation Act*.
[13] *Budget 2023: A Made-for-Canada Plan*, p. 266.

The decision to designate a single external complaints body (ECB) followed a report by the Financial Consumer Agency of Canada, which concluded that "allowing banks to choose the ECB negatively affects consumers' perceptions of the fairness and impartiality of the system. Finally, the Agency questions whether the one-sided competition between ECBs for member banks is accruing benefits to consumers."[14]

Private complaint resolution bodies must therefore be subject to robust requirements to ensure their independence, impartiality and transparency.

Canada Aviation Dispute Resolution (CADR) illustrates why such safeguards are necessary. Although it is not identified by name in the 2026 Economic Update, we understand it may be considered as part of the government's efforts to reduce the complaint backlog.[15] However, the composition of its board of directors is not available on its website.[16] As of May 2026, only one director was listed in the corporate registry,[17] making it difficult to assess the board's independence from industry interests.

In addition, the private complaint resolution body in the United Kingdom,[18] of which CADR is a subsidiary,[19] has been criticized over issues relating to transparency and impartiality.[20]

For these reasons, **clear requirements** on governance, accountability, by-laws, procedures and funding **must be established to ensure that any private complaint resolution process serves the interests of air passengers**.

Ensuring that the complaint resolution process remains accessible to passengers

To serve the public interest, any complaint resolution process must be accessible to consumers. In its current form, Bill C-31 raises four significant concerns:

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[14] FINANCIAL CONSUMER AGENCY OF CANADA, *Industry Review: The Operations of External Complaints Bodies*, February 2020, p. 2.

[15] The economic update refers to a "neutral, third-party dispute resolution organization based on a proven model in the U.K. and E.U." However, Air Canada describes a "not-for-profit group which is certified in the UK and several other European countries to provide ADR services related to aviation complaints."

[16] By comparison, this information is easily found on the websites of other complaints bodies such as CCTS and OBSI: https://www.obsi.ca/en/about-us/governance/board-of-directors; https://www.ccts-cprst.ca/about-ccts/governance/board-of-directors; https://www.cadr.ca/index.html

[17] On May 14, 2026, we requested a profile report for corporation number 1001326366 from the Ontario Business Registry: https://www.ontario.ca/page/ontario-business-registry

[18] AIR CANADA, *Air Canada Tests a Third-Party, Alternative Dispute Resolution Process to Resolve APPR Cases*, April 8, 2026; https://www.cdrl.org.uk/aviation-adr

[19] *Ibid*.

[20] WHICH?, *Final boarding call: Which? vision for consumer reforms in the aviation and package holiday sectors*, 2022, p. 32 et seq.; Marie-Ève FOURNIER, "Air Canada perd patience et contourne le système fédéral," *La Presse*, April 8, 2026; Trevor BAKER, "Who owns AviationADR? EasyJet and Ryanair complaints scheme denies Russian connection," *Which?*, August 17, 2023.

- the possibility that the costs could be passed on to passengers;
- the risk that consumers will not be adequately informed of the complaint resolution options available to them;
- inconsistent rules governing passengers' access to representation, depending on the complaint resolution body involved; and
- the difficulty for class members in pursuing an individual complaint.

The possibility that costs could be passed on to passengers

The *Budget Implementation Act, 2023, No. 1* gave the CTA the authority to recover a portion of the costs associated with handling passenger complaints.[21] In 2024, the CTA proposed a $790[22] fee, payable once a complaint had been found admissible. In our view, this approach would have encouraged air carriers to resolve disputes at an early stage, thereby reducing the number of complaints proceeding to the CTA. Complaints found to be inadmissible, including frivolous complaints, would not have been subject to the fee. The proposed fees were intended to recover approximately 60% of the costs of the complaints process. At present, taxpayers cover approximately $29 million in annual operating costs.[23]

Bill C-31 reaffirms this cost-recovery approach.[24] However, it does not specify whether complaint resolution bodies would be permitted to pass these costs on to passengers. For example, CADR's website states "At present our service is free for passengers [emphasis added]."[25]

Air carriers should bear the costs generated by complaints about their services. **The bill should therefore expressly prohibit complaint resolution costs from being passed on to passengers.**

Inconsistent rules governing passengers' access to representation

Consumers currently have the right to be represented by counsel before the CTA. Bill C-31 provides no assurance that this right would be preserved before private complaint resolution bodies. In addition, CADR's current rules permit representation only in limited circumstances.[26]

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[21] *Budget Implementation Act, 2023, No. 1*, S.C. 2023, c. 26, Part 4, Division 23, section 452.
[22] CANADIAN TRANSPORTATION AGENCY, *Consultation on Proposal for Air Travel Complaints Fee*, September 18, 2024.
[23] *Ibid.*
[24] C-31, section 349, new subsection 85.29(1) of the *Canada Transportation Act*.
[25] https://www.cadr.ca/index.html/ (accessed on June 11, 2026).
[26] At CADR, passenger representation is only permitted in three circumstances: 1) if they are under 18 years of age; (2) if they require assistance due to a disability; or (3) if they are part of a group that travelled together and is filing a complaint about the same flight. See https://www.cadr.ca/service_rules.html, section 3.5.

Consumers should continue to have the right to be represented if they choose. Any restrictions on representation would place consumers at a disadvantage and could create an incentive for air carriers to select complaint resolution bodies with more restrictive procedural rules.

Consumers unaware of available complaint resolution options

Although the APPR require air carriers to inform passengers of the complaint resolution options available to them,[27] introducing private complaint resolution bodies could make the system more difficult for consumers to navigate.

Despite providers' obligation to inform consumers about the CCTS, the organization remains largely unknown.[28] When consumers contact Option consommateurs about disputes with their telecommunications provider, very few are aware that the CCTS exists. This finding is consistent with a survey commissioned by the CRTC, which found that "only 2% of respondents who had an unresolved complaint were made aware of the CCTS by their service provider."[29]

The creation of private complaint resolution bodies in the air transportation sector risks producing the same result.

Difficulty for class members in pursuing an individual complaint

Finally, we are concerned that consumers who are members of a class action may be prevented from pursuing an individual complaint.

Bill C-31 would prohibit a complaint from being filed against an air carrier when proceedings involving the same matter are before a court of competent jurisdiction.[30] We recognize the objective of avoiding duplicate proceedings and double compensation. However, this provision could prevent consumers who are members of a proposed or certified class action from pursuing an individual complaint if they prefer not to wait for the outcome of the court proceedings.

Proposed paragraph 85.04(1)(e) of the *Canada Transportation Act* **should be amended** to ensure that participation in a class action does not prevent a passenger from pursuing an individual complaint.

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[27] *Air Passenger Protection Regulations*, subsections 5(3) and 13(1).
[28] https://www.ccts-cprst.ca/industry/public-awareness/
[29] CRTC, *Secretary General Letter addressed to the Distribution List*, November 5, 2024.
[30] C-31, section 341, new paragraph 85.04(1)(e) of the *Canada Transportation Act*.

Summary of recommendations

Option consommateurs therefore recommends that the government:

- **implement the amendments to the *Air Passenger Protection Regulations* adopted through the *Budget Implementation Act, 2023*;**
- **hold public consultations to inform the development of a regulatory framework that ensures the sound governance of private complaint resolution bodies;**
- **establish clear requirements to ensure that private complaint resolution bodies operate transparently and independently;**
- **put safeguards in place to ensure that the complaint resolution process remains accessible to passengers by**
    - **prohibiting complaint resolution costs from being passed on to passengers;**
    - **preserving passengers' right to be represented by counsel;**
    - **monitoring consumer awareness of available complaint resolution options; and**
    - **amending proposed paragraph 85.04(1)(e) of the *Canada Transportation Act* to ensure that participation in a class action does not prevent a passenger from pursuing an individual complaint.**