cafii acifa
The Canadian Association of Financial Institutions in Insurance | L'association canadienne des institutions financières en assurance

200-411 Richmond Street E, Toronto, ON M5A 3S5
☎ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

CAFII ALERTS WEEKLY DIGEST: April 22 to April 29, 2022

April 29, 2022

TABLE OF CONTENTS

200-411 Richmond Street E, Toronto, ON M5A 3S5
(416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

200-411 Richmond Street E, Toronto, ON M5A 3S5
☎ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

DIVERSITY/INCLUSION/FIGHTING SYSTEMIC RACISM NEWS

The Left Is Losing The Language War

Opinion by Lawrence Martin, The Globe and Mail, April 27, 2022

The word "woke" used to have a positive connotation. It originated in Black culture and took on a more common, mainstream usage following the killing of Black teenager Michael Brown in Ferguson, Missouri in 2014. To be woke meant to be socially progressive, with an acute awareness of social injustices.

Then, in the United States, Canada, and elsewhere, the word woke was co-opted, hijacked by the political right and turned into a broad-sweep putdown of anyone with politically correct liberal values. Woke was newly reserved for lefty intellectuals and tree huggers, sushi eaters, and faculty lounge highbrows, New York Times readers, and the like.

It's a strong weapon for the right, all the more so because progressives have ceded ownership of the term. You don't hear "I'm woke and proud of it" much. They don't have a retaliatory catch-all smear for reactionaries or their backwardness. Hillary Clinton tried "deplorables." We know how well that went.

Re-engineering political language to discredit progressives hasn't just been limited to woke. The language pirates put liberals on the defensive by weaponizing the term "elites" as well, which used to signify success, having reached a high level. Now it's shorthand for ruling class condescension and snobbery.

It also used to be that the wealthy elites were primarily conservative. But the right smartly politicized the term, slotting elites on the left side of the spectrum – part-and-parcel of the woke crowd.

In the U.S. and Canada, the manipulation of vocabulary has aided in marketing the right as the domain of populists. Heaven help you in politics if you happen to be an "intellectual" – that term was debased long ago and still is. While it may equate with being erudite, in these more philistine times that simply won't do.

The mainstream media has felt the effects of language manipulators as well. During his administration, Donald Trump greatly popularized the term "fake news." Everyone knows that Mr. Trump, not to mention his friends at Fox, put out far more fake news than anyone else. But they still managed to convince a whole host of voters that the establishment "liberal media" are big purveyors of falsehoods.

This week, with Elon Musk's takeover of Twitter, the right has more to celebrate in terms of its power over the public discourse. With the company going private, it appears that deregulation is in the works. There will be no more banning the Donald Trumps of the world. It's a victory for the politically incorrect.

Over time, the language pirates in the U.S. have even turned the word liberal into a derogatory term. That hasn't happened in Canada, but conservatives here have been no slouches in picking up on some of the trends.

Pierre Poilievre's leadership campaign strongly appeals to anti-woke sentiment. "Stand up to woke culture," he tweets. "Stand up for freedom." It's not the hard right that divides Canada, insists the demagogic MP who was one of the foremost defenders of the truckers' occupation of the country's capital. It's the woke mob. "We know what this woke culture is about," he recently told supporters at a rally. "What it's about is dividing people. Dividing them by race, gender, vaccination status."

Mr. Poilievre is joined by Mr. Trump in impugning Prime Minister Justin Trudeau for being in the grip of woke culture. "The radical left is trying to replace American democracy with woke tyranny," the former president said in February. Referencing Ottawa's handling of the truckers' protest, Mr. Trump – ludicrously posturing as the foremost defender of democracy – said the Democrats "want to do the same thing that Trudeau has been doing to Canada."

In Florida, Governor Ron DeSantis, who like Mr. Poilievre is seen to have a promising candidacy as a national conservative leader, recently backed a bill called the Stop WOKE Act that puts limits on what can be taught in schools about racism and the history of slavery.

Liberals in Canada and Democrats south of the border have moved their agendas leftward, making them easier anti-woke targets. Long-time Democrat strategist James Carville has noted how the topic of defunding the police has played right into Republican hands. It's lunacy, he said. "Some of these people need to go to a woke detox centre or something."

Though there are cases, such as the one he mentions, of the progressives going overboard, woke Democrats in the U.S. and woke Liberals in Canada did win their most recent national elections.

But orchestrating terminology provides a big advantage for conservatives. It helps them masquerade as the real tribunes of the people. The unwoke for the great unwashed.

Read Story (Subscription Required): https://www.theglobeandmail.com/opinion/article-the-left-is-losing-the-language-war/?utm_medium=email&utm_source=Globe%20Opinion&utm_content=2022-4-27_17&utm_term=The%20left%20is%20losing%20the%20language%20war&utm_campaign=newsletter&cu_id=Ts6FwhWx6n2rSHC0x7MiReEeeFJOJkTb

200-411 Richmond Street E, Toronto, ON M5A 3S5
(416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

NEWS ABOUT/FROM CAFII MEMBERS AND/OR PARENT COMPANIES

BMO Customers Out Thousands Of Dollars Unable To Prove Fraudulent E-Transfers Weren't Their Fault

Bank Of Montreal Won't Reverse Activity Because Correct Passwords Were Entered

By Angelina King, CBC News, April 21, 2022

https://www.cbc.ca/news/canada/toronto/bmo-customers-thousands-etransfer-fraud-1.6423576

Two Bank of Montreal customers in Toronto say they want the bank to implement better security measures and repay them the thousands of dollars they lost after e-transfers were mysteriously sent from their bank accounts using their own login information.

The online account of Lan Wang's elderly mother was accessed without authorization in November, and someone e-transferred $10,000 out of the account, according to bank documents reviewed by CBC News.

"It's all their savings. It's very tough for them," Wang said of his elderly parents. "They were relying on that money."

Just over a month later, someone took out cash advances on Jedy Huang's BMO credit card, transferred the money to his bank account, then e-transferred $7,400 out of the account, according to bank statements.

"This is a huge amount of money," Huang said. "It's [put a] very, very terrible burden on my family."

The two cases, which are among what experts say is a rising number of e-transfer fraud issues, illustrate how difficult it is for customers to prove that a breach wasn't their fault when their own login information and IP address are used to fraudulently access an online account.

While Wang and Huang aren't sure how the accounts were accessed, they say BMO could have done more to spot and alert them about the suspicious activity. The men, who want the bank to reverse the e-transfers, are sharing their experiences in an effort to warn others about the potential security risks of online banking.

"My mom trusted the Bank of Montreal. She put the money in [the bank] and it's shocking," said Wang, who is handling the issue for his mother due to her age and a language barrier.

In Huang's case, he's stuck with a credit card bill he can't pay, plus interest.

"I don't have that much money at this moment," he said. "I checked my credit scores and they went from very high to very low because I couldn't pay off the credit bill."

BMO didn't answer specific questions from CBC News, citing customer privacy, but in an emailed statement, a spokesperson said that "protecting customers' accounts and their personal information is our primary focus."

Bank Ombudsman Says E-Transfer Complaints Growing

Wang filed a report with Canada's Ombudsman for Banking Services and Investments (OBSI). It says e-transfer complaints, especially relating to fraud, are a growing concern.

OBSI, which is funded by banks and investment firms, received 36 e-transfer complaints in 2021. The majority were related to fraud, which made up seven per cent of opened complaint cases that year. In the two years prior, e-transfer complaints represented just two per cent of opened cases, OBSI spokesperson Mark Wright said.

Wright said e-transfer complaints are typically difficult cases because it's hard to track down the fraudster.

"In most of these cases, we are not able to make a compensation recommendation in favour of the consumer because our investigations show the bank would not have reasonably been expected to prevent the fraud," he said, adding there are times banks have been found to be in the wrong because they could have prevented the loss.

Wang also filed a report with Toronto police and said he was told the file was being transferred to the RCMP in Burnaby, B.C., as investigators believe the person who took the money may have opened a bank account in Burnaby.

Toronto police wouldn't provide details to CBC News but did say it's an active investigation.

Customers Want Better Security From BMO

Both Wang and Huang detailed a similar situation: they didn't notice the nefarious activity until a few days after it happened, then immediately contacted BMO and were told an investigation would be launched.

After several months, the bank told them it wouldn't return the money because their accounts were logged into using the correct password and security question and that the IP address — a series of numbers connected to a device on a network — that was linked to the activity matched their own.

But Wang and Huang are adamant that their devices are secure — they had their computers scanned for viruses and malware and found nothing, and they didn't share their passwords.

"They say it's my fault," Huang said. "BMO refused my explanation that I did not leak my username and password. Even my wife doesn't know this information."

200-411 Richmond Street E, Toronto, ON M5A 3S5
☎ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

Huang said he rarely uses the BMO credit card that was accessed because he keeps it for emergencies only. He said the bank should have noticed the four cash advances taken out on the card, followed by the money being e-transferred out of his bank account — all within a few days — and notified him.

Wang said his mom didn't receive the email alerting a customer that an e-transfer was accepted.

While Huang received an email alert from the bank, it wasn't sent to the email address associated with his bank account.

Additionally, Huang had signed up for alerts whenever there's a withdrawal over $10, something BMO recommends, but he said he didn't receive any alerts.

"Someone must know how to circumvent these methods to commit the fraud," he said.

Both Huang and Wang say they'd like to see, for example, two-factor authentication added automatically to customers' accounts, instead of giving them the option.

Security Expert's Tips To Protect Online Accounts

Privacy and security expert Ross Saunders said there are several ways an online bank account can be accessed. The director of privacy and security at Bamboo Data Consulting in Toronto said the most common ways are when email addresses are compromised and through phishing scams — emails that look like they are from a bank that ask the recipient to log in to their account.

"You're not actually logging into the banking platform. You're logging into someone else's platform and they're just capturing that data," he said.

Saunders said Wang and Huang's cases are more unique because the bank said the activity matched their IP addresses. While people can "spoof" an IP address, he said, it's more likely someone gained remote access to their computers.

"[Remote access] is truly a scary sort of approach because then it's not just your banking that's exposed, it's everything that you've got on there."

Tips from Saunders to protect online accounts include:

- Identify phishing emails by grammar and spelling mistakes.
- Use different passwords for different accounts.
- Don't click on links or install software you don't recognize.
- Enable two-factor authentication.
- Don't choose security questions someone could find online (e.g., where did you go to high school?).

BMO Says Protecting Customer Accounts Is Joint Effort

In its statement, BMO said while it takes measures to protect customers' accounts, it's a joint effort. The bank said customers should keep their password confidential, ensure only their fingerprints and facial ID are stored on their phone and notify the bank within 24 hours if their cards or online banking device, such as a phone or laptop, is stolen or passwords compromised.

But both Wang and Huang said none of those tips would have made a difference in their cases and that they're ready to close their BMO accounts after this experience.

"There's other banks ... which would make me more comfortable," Huang said.

Group Asks Competition Watchdog To Investigate Alleged 'Greenwashing' By RBC

The Applicants Argue That Until RBC Stops Funding Fossil Fuel Companies' Expansion, The Bank Should Be Prohibited From Advertising Itself As In Support Of The Paris Agreement, Or As Aiming To Be Net-Zero By 2050.

By Rosa Saba, Toronto Star, April 22, 2022

Members of the public, supported by two environmental groups, are asking the Competition Bureau to investigate the Royal Bank of Canada for alleged misleading advertising regarding its climate commitments.

The group alleges that RBC's continued investment in the fossil fuel industry to the tune of tens of billions of dollars a year is in direct opposition with the bank's public commitments to climate change actions that align with the Paris Agreement.

The applicants are Judy Wilson, Chief of the Skat'sin te Secwepemc-Neskonlith Indian Band and secretary-treasurer for the Union of British Columbia Indian Chiefs (UBCIC); Eve Saint, a Wet'suwet'en land defender; Chloe Tse, an organizer for youth-led climate movement Fridays for Future Toronto and national organization Banking on a Better Future; Jennifer Roberge, a volunteer with For Our Kids Montreal; Jennifer Cox, a volunteer with For Our Kids Ottawa; and Richard Brooks, climate finance director at Stand.Earth.

They are supported by environmental groups Stand.Earth and Ecojustice.

In a news release on Thursday, April 21, the group called for RBC to make "immediate and significant reductions" in its own emissions and financing of certain clients to align with the goals of the Paris Agreement. The goals of the Paris Agreement include limiting the world's temperature increase to 1.5 degrees Celsius.

RBC provided more than $50 billion in fossil fuel investments in 2021, the Competition Bureau application alleges, and provided $34.4 billion in loans and underwriting.

In an emailed statement, RBC spokesperson Rafael Ruffolo said the bank “strongly disagrees” with the allegations in the Competition Bureau complaint and believes the complaint to be unfounded.

“RBC has been engaging with our clients, partners, and other stakeholders, working toward solutions to help Canada meet its net-zero commitments. It’s critically important that we get the transition to net-zero right in order to address climate change and we have laid out a clear strategy for meeting climate goals,” he said.

The Competition Bureau confirmed that it received the complaint but said it could not comment further.

On the Bureau’s web page addressing greenwashing, it says increased demand for “green” products has led to an increase in false or misleading environmental claims. The Competition Act prohibits businesses from making false or misleading claims about products, services, or business interests.

“The Bureau takes environmental claims seriously and will take action in accordance with the laws we enforce,” the page reads.

Matt Hulse, Ecojustice’s lawyer, said if the Competition Bureau takes this on and decides RBC has indeed been misleading the public, it would send a signal to the rest of the industry.

“This complaint is part of the push against RBC and big banks,” he said.

RBC has committed to achieving net-zero emissions in its lending and investments by 2050, but also provided $164 billion to fossil fuel companies between January 2016 and December 2020, leading Greenpeace to crown it the worst offender of the big Canadian banks when it comes to funding the industry.

RBC’s Climate Blueprint has a target of $500 billion in sustainable financing by 2025, and to reduce the bank’s emissions by 70 per cent by 2025.

At the bank’s annual shareholder meeting in April, faced with criticism about RBC’s climate plan, CEO Dave McKay said an “orderly transition” to net zero is crucial.

Though 2050 is still a few decades in the future, companies need to reduce emissions now if they want to meet the Paris goals, said Hulse.

Companies such as RBC make statements about their commitments that sound good, he said, but often don’t follow through with actions. For example, he said continuing to fund the fossil fuel industry undermines RBC’s climate goals.

Ideally, Hulse would like to see the government take a stronger stance to prevent greenwashing.

“The federal government needs to set clear and binding standards about what it means to go net zero … for anyone who makes those claims, including the financial industry.”

RBC funds TC Energy, the company building the Coastal GasLink pipeline in northern British Columbia. The pipeline cuts through Wet'suwet'en territory without consent from the area's hereditary chiefs, and is the site of ongoing conflict between Indigenous land defenders, workers, and law enforcement.

The applicants argue that until RBC stops funding fossil fuel companies' expansion and comes up with "credible plans" to phase out the financing of fossil fuels, the bank should be prohibited from advertising itself as in support of the Paris Agreement, or as aiming to be net-zero by 2050.

If the Competition Bureau investigates RBC and finds its statements misleading, the group is asking the Bureau to fine the bank $10 million, to be given to Indigenous-led organizations working on climate issues.

In Thursday, April 21's news release, Wilson said climate change disproportionately impacts Indigenous people in Canada and around the world.

"Until RBC stops financing fossil fuels, advertising itself as Paris Agreement-aligned is greenwashing," she said.

Saint said in the release that RBC's actions are undermining reconciliation in Canada.

In March, more than 65 celebrities joined Indigenous climate activists in calling on RBC to stop financing the pipeline, including Mark Ruffalo, Leonardo DiCaprio, Scarlett Johansson, Robert Downey Jr., and Jane Fonda.

RBC is not the only bank to come under fire for its funding of the fossil fuel industry. Greenpeace's 2021 report notes that the big five Canadian banks — RBC, BMO, TD, CIBC, and Scotiabank — are among the top banks in the world funding fossil fuel companies.

Some of the applicants are RBC clients, including Tse.

Tse said she remembers seeing a lot of advertisements by RBC touting its commitments to the climate. When she found out how much RBC funds the fossil fuel industry, she felt betrayed.

"It was in such stark contrast to the ads I was seeing online," she said.

Tse said she believes the ongoing defence of Wet'suwet'en has helped get the public's attention, and wants RBC to know that its clients are watching to see whether its actions match up with its words.

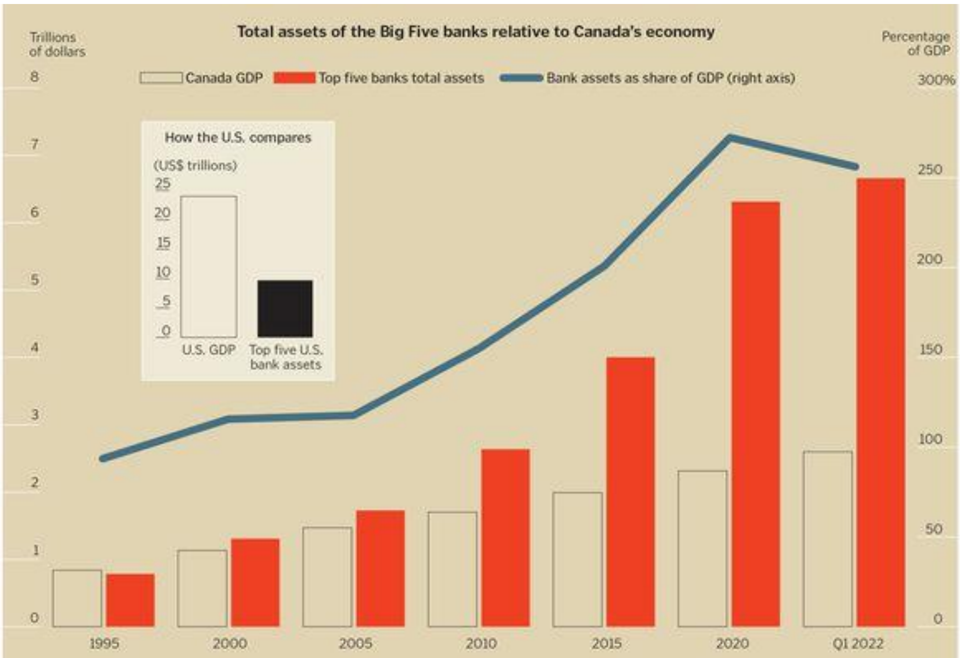
"This is a climate emergency, and we are in crisis mode," she said.

"We need a plan yesterday."

Read Story (Subscription Required): https://www.thestar.com/business/2022/04/22/group-asks-competition-watchdog-to-investigate-alleged-greenwashing-by-rbc.html?source=newsletter&utm_content=a14&utm_source=ts_nl&utm_medium=email&utm_email=6D73923380F292A40DC042B455F0FDE3&utm_campaign=teve_119547

Canada's Big Banks Are Heftier Oligopolies Than U.S. Ones. That Could Spell Trouble As Rates Rise

By Jason Kirby, The Globe and Mail, April 27, 2022



In a nation dominated by oligopolies—the Big Three telcos, Big Two airlines, Big Three grocery operators—Canada's Big Five banks stand out from the hulking pack. Over the past 15 years or so, the total assets on their balance sheets have exploded, mounting from $1.7 trillion in 2005 to $6.6 trillion as of the first quarter of 2022. All but CIBC have crossed the $1-trillion mark in terms of total assets, but it, too, is on track to join the pack sometime in the next couple of years.

When you start getting into 13-digit numbers, though, it's easy to get confused. To put the growth in perspective, compare the banks' assets to the size of the Canadian economy—the Big Five now hold assets equal to 2.5 times Canada's gross domestic product. Contrast that with the U.S., where the assets of the five largest banks amount to just 40% of that country's GDP.

Having reached the politically feasible limits of mergers in Canada, the country's banks have expanded internationally, which has helped them bulk up. But this is also a story of Canada's obsession with real estate. Those mortgages Canadians have been ferociously taking out to pile into the ever-soaring housing market (average national house price: $817,000 in February, up 21% in a year) are the largest single asset class which the banks hold.

Canada's banks are regularly hailed for their stability. That was the case after the financial crisis of 2008-09, when many U.S. observers, still shell-shocked by the collapse of several major financial institutions, looked to their boring, staid northern neighbour with envy.

The fact is, however, Canada's big banks haven't really been put to the test, since at each crisis Canadians have responded to interest rate cuts by borrowing and spending, helping to boost bank bottom lines and balance sheets.

The coming years will be telling. With inflation rising, steeper interest rates are coming, which is likely to crimp demand for houses. At the same time, the banks are being forced to defend their turf from fintech disruptors and the trend toward open banking. The Bay Street behemoths are responding with their own investments in technology, but much-needed competition for Canada's banking oligopoly is long overdue.

Read Story (Subscription Required): https://www.theglobeandmail.com/business/rob-magazine/article-canadas-big-banks-are-heftier-oligopolies-than-us-ones-that-could/?utm_medium=email&utm_source=Top%20Business%20Headlines&utm_content=2022-4-27_17&utm_term=Canada%e2%80%99s%20big%20banks%20are%20heftier%20oligopolies%20than%20U.S.%20ones.%20That%20could%20spell%20trouble%20as%20rates%20rise%20&utm_campaign=newsletter&cu_id=Ts6FwhWx6n2rSHC0x7MiReEeeFJOJkTb

---

Why More Bankers Are Leaving Stable Jobs For The High-Flying World Of Cryptocurrency

By Irene Galea, The Globe and Mail, April 24, 2022

Four years ago, Pamela Draper said her colleagues were astonished that she was leaving investment banking for crypto. Today, many of them are following in her footsteps.

Ms. Draper was working in investment banking at Bank of Montreal when a client approached her with a proposal: move from Toronto to Calgary and help him start a cryptocurrency exchange company.

"My first response, was 'absolutely not,' " she said.

But over the 2017 Christmas holidays, her feelings changed: this was not just a new job, she realized. After 14 years in banking, it was a rare chance to join a new industry on the "ground floor" and build a business from scratch, alongside experienced shareholders.

By the time those holidays were over, she said, her feelings had turned. "I went from 'how could I do this' to 'how could I pass up this opportunity?' "

When Ms. Draper became chief executive at Bitvo Inc., a cryptocurrency exchange now with more than 14,000 users across the country, she was one of the first bankers to enter the then-nascent sector in Canada.

"Four years later, a lot of my ex-colleagues at the Bank of Montreal have come into this world," she said. "It's great to work with them again on this side of the fence."

Today, the cryptocurrency landscape has grown legs: it has expanded in value, in public engagement, and in regulation. An influx of capital into the space in recent years has meant that many crypto companies are on the hunt for talent, especially for people with experience in regulation, investments, and payment systems. These abilities are often held by employees working in TradFi – traditional finance.

The demand means a growing flow of professionals are leaving traditional banking jobs and embracing a sector once considered too risky.

While the crypto world is not yet large enough to make a significant dent in the hiring ability of big banks – which together employ hundreds of thousands – it is adding some pressure to an already tight market. The past two years have brought bounty to the banks through a record number of mergers and acquisitions, and this demand for bank employees has created a shortage of talent.

Guy Shaul, recruiter for executive search company Heidrick & Struggles International Inc., said his company's crypto department has grown steadily larger over the past year as financial professionals shift their thinking about roles in the growing field.

"When we first started working in this space, we would call people and would have to try to convince them that our clients weren't laundering money," said Mr. Shaul, who is based in London, England. "Now, we actually have to try and work out who's genuinely interested, because most people are open to hearing about it because there's a lot of money being made."

One point of attraction is the opportunity for wealth creation.

"Crypto salaries are finally starting to become competitive with TradFi," said Tanim Rasul, chief operating officer at National Digital Asset Exchange, a Calgary-based crypto trading platform. "I think that's a huge part of why people are starting to, not just move over, but come out of retirement to get involved."

Mr. Rasul said his company has received thousands of applications from employees working in traditional finance. Many of the skills needed to work in a bank – such as handling mergers, investing, and regulation – are transferrable to crypto companies and are highly in demand, he said.

Ms. Draper said she has indeed worked directly with securities commissions to influence the shape of the regulatory landscape.

It's an interesting paradox: while the industry itself is aiming to disrupt the existing financial ecosystem, many are turning to executives with decades of traditional experience.

Sebastien Davies is among those with a TradFi background who made the switch. After years of work at financial institutions including CIBC, Royal Bank of Canada, and Rayne Capital Management Inc., he decided to leave traditional finance for a job at Aquanow, a Vancouver-based infrastructure and liquidity provider for digital assets.

"I was motivated by a real sense of curiosity. I wanted to jump into something new and innovative, and work at something totally different," Mr. Davies said. "It's not to say you can't innovate when you're working at a bank, but it's a lot faster if you move to a start-up."

Overall, he said he has seen employees leaving the industry "at an increasing rate," part of a wider trend of young people wanting to switch jobs more frequently.

He said he was also attracted by the "unquestionably" different culture, which prioritizes collaboration over moving up ladders. Meanwhile, the urgency of the work has made his days more unpredictable.

"At the bank, the market would open at 9:30, we're closed at four, and I have a list of things to do on a regular basis in between. But now, I just try to jump in and figure out how I can help," Mr. Davies said.

This, for many, is the draw: the ability to build something from scratch, from idea to "fully functioning business model available to the public," said Bitvo's Ms. Draper. It's what has made her "leap of faith" worth it.

"There are very few things more rewarding than watching your company grow over the years," she said. "And being part of growing the industry – being part of regulatory decisions and helping to shape that regulatory landscape – that's a legacy that will stay in place for decades."

Read Story (Subscription Required): https://www.theglobeandmail.com/business/article-why-more-bankers-are-leaving-stable-jobs-for-the-high-flying-world-of/

COVID-19 PANDEMIC RESILIENCE AND RECOVERY NEWS

Service Canada Warns Of Long Wait Times Due To 'Unprecedented Surge' In Passport Applications

The Number Of Canadians Applying For Passports Is 40 Times Higher Than It Was Before The Pandemic

By CBC News, April 22, 2022

https://www.cbc.ca/news/politics/passport-applications-pandemic-surge-1.6428096

The federal government is warning that a massive surge in the number of Canadians applying for passports is causing long wait times at Service Canada locations across the country.

The demand for passports is said to be driven by the fact that many Canadians put off international travel for much of the pandemic.

With pandemic restrictions being eased in Canada and around the world, Canadians looking to travel have been turning up in massive numbers at passport offices.

200-411 Richmond Street E, Toronto, ON M5A 3S5
(416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

The government says it is receiving more than 200,000 calls per day for passport requests at Service Canada.

That's about 40 times more calls than Service Canada typically received prior to the pandemic, when the agency handled about 5,000 passport requests daily.

"This unprecedented surge in demand has resulted in appointments filling up quickly," said a statement from Employment and Social Development Canada, which operates Service Canada locations.

"The Government of Canada recognizes that during the height of the COVID-19 pandemic, Canadians had other things on their minds and planning to renew their passports was not a priority. However, this decrease in passport applications would by necessity result in a higher-than-normal surge at a later date."

Figures provided to CBC News show that requests for passports cratered during the first year of the pandemic.

From April 1, 2020 to March 31, 2021, Service Canada issued 363,000 passports.

A year later — between April 1, 2021 and March 31, 2022 — the agency issued 1,273,000 passports.

Service Canada also points to ongoing health and safety restrictions, which limit the number of staff allowed to work at a given location, as a factor in long wait times.

Ottawa Credits Simplified Renewal Process

While long lines have become a fixture at Service Canada locations, the people who manage to submit their applications are still receiving their passports within typical processing times.

Ottawa says the turnaround time for people applying at one of Service Canada's 35 specialized passport sites is five business days. The government's "service standard" for those locations is 10 business days.

People applying at other Service Canada locations, or through the mail, are waiting an average of 25 business days to have their applications processed — slightly higher than that standard of 20 business days.

The government credits its introduction of a simplified passport renewal process with keeping processing times under control during the wave of new applications.

But some people applying for passports have told CBC News about days-long wait times. One family in Greater Vancouver reported making five unsuccessful attempts to submit an application at various locations around the city.

Under the updated guidelines, applicants are no longer required to have a guarantor or to provide original documents, such as proof of citizenship.

Any expired passport issued within the last 15 years can be renewed with fewer documents, which include two photos, two references, a completed application form, and fees.

Seven Weeks, Almost 500,000 Applications: Here's Why Canadians Are Facing Epic Lineups To Renew Passports

Service Canada Locations Across The Country Are Dealing With A Massive Influx In Passport Applications After Two Years During Which International Travel Mostly Came To A Halt.

By Jenna Moon and Lex Harvey, Toronto Star, April 27, 2022

Hours-long lines snaking down sidewalks. People camping out overnight, sleeping bags in tow. Others waiting for hours only to be told they won't make it inside before closing.

These are just some of scenes at Service Canada locations across the country in recent days as the federal agency deals with a massive influx in passport applications — renewals put off during two years of a pandemic where international travel mostly came to a halt.

But Service Canada doesn't just handle passport applications. In addition to Canadians whose travel plans are now in jeopardy, there are people trying to get documentation they need to work.

They include newcomers to Canada and international students, some of whom have spent days on the sidewalk waiting to get a social insurance number.

For one man, each day waiting for services means another day he can't start his job as an anesthesiologist.

Amir Zabida told the Star on Monday, April 25 that he was anticipating waiting for around two hours to enter the office to obtain his SIN card. Ahead of him, people described waiting for more than four hours in a line that wrapped around the block to gain access to the Service Canada location at College Street and Euclid Avenue in downtown Toronto.

For the last two weeks, Zabida's online application had said it was "pending approval," he explained. Zabida said he had already secured work, but his employer needed his social insurance number before he could start at his job. He had previously expected getting the document would take him a day at most.

In a statement, Employment and Social Development Canada said it "recognizes that an increase in demand for passport services has resulted in lineups and longer wait times for service, and we understand the concern this may cause for clients."

Federal opposition parties are calling into question the government's ability to deal with the effects of relaxing travel restrictions.

MP Daniel Blaikie (Elmwood-Transcona), the NDP critic for employment and workforce development, said it's "not acceptable" to have people "camping out overnight to get a SIN card."

The delays reflect the federal government's lack of planning for the administrative capacity needed to support Canada's post-pandemic recovery, he said.

When Ottawa ended pandemic benefit programs at the end of October, the government "told people that they should be going out and getting a job," Blaikie said.

"Now you've got people that are trying to do exactly that and can't get a fundamental piece of documentation that it's the government's responsibility to produce."

All of this comes at a time when employers are "screaming for people to work," Blaikie said.

MP Laila Goodridge (Fort McMurray—Cold Lake), the Conservative critic for families, children and social development, said the wait times are even more of a concern for people living in rural communities, some of whom have travelled long distances to the nearest Service Canada only to not be able to get in.

"This is among some of the most basic services that the government provides," Goodridge said.

Those applying online for a social insurance number will get one in the mail within 15 business days, according to Employment and Social Development Canada. But those who show up in person can get one on the spot — that is, if they can get in the door.

Now on break from her studies, international student Namita Victor said she wanted to get her social insurance number so she could work over the summer.

"Hopefully within the next four hours, I'll get in," said Victor, who had at that point been waiting in a Service Canada line for more than three hours — and didn't know if she would get to the front of the line by the time the office closed at 4 p.m.

Sarom Rho, national co-ordinator at Migrant Students United, said leaving international students without the prospect of getting a social insurance number in a timely manner "opens them up to labour exploitation and abuse," since many have no choice but to work to cover costly tuition fees.

International students are already facing lengthy delays in getting their work permits processed with Ottawa, which is dealing with an application backlog of nearly two million across all immigration and citizenship programs. Students need a work permit before they can apply to renew or receive a social insurance number, Rho said.

Last week, the government announced it would allow people with expiring work permits to stay in Canada for an additional 18 months, among other new measures to help international students.

Krunel Vala said he was hoping to obtain his passport so he could visit his ailing mother in India. Vala said he went to a Service Canada office last week, but the line was too long. He said he returned at 7 a.m. on Monday, April 25 when the line appeared shorter, but still ended up waiting more than four hours.

Service Canada said that federal health and safety protocols during the COVID-19 pandemic have also affected its ability to deliver services.

"This includes following federally mandated occupancy limitations, which have implications for the number of staff that can work at one time in Service Canada centres," it said. "Consequently, walk-in clients must wait for service outside the office rather than in our waiting rooms."

The government said it has put several new measures in place to deal with the delays, including simplifying the process to replace expired passports, opening more client counters, extending Service Canada hours, and hiring 500 additional staff.

Passport applications may also be submitted by mail.

Read Story (Subscription Required): https://www.thestar.com/politics/federal/2022/04/25/seven-weeks-almost-500000-applications-heres-why-canadians-are-facing-epic-lineups-to-renew-passports.html?li_source=LI&li_medium=thestar_politics

---

Seniors Are Busting Out Their Bucket Lists As Pandemic Travel Restrictions Lift

By Dene Moore, Special To The Globe and Mail, April 26, 2022

https://www.theglobeandmail.com/life/article-seniors-are-busting-out-their-bucket-lists-as-pandemic-travel/

Elizabeth Forsythe wasted no time booking a trip to Florida after travel restrictions were lifted on the Canada-U.S. border.

The 69-year-old from Sussex, New Brunswick will be heading to Orlando with a group of girlfriends for some shopping and fun in the sun in mid-May.

"We have rented a car and a house and plan to do a lot of shopping, eating, sitting around the pool, and take some day excursions," says Ms. Forsythe. She is used to going south at least once a year to visit her brother in South Carolina and enjoy a sun-destination getaway, plus some quick jaunts across the border.

"We are [close] to the border and I go shopping with friends in Bangor, Maine several times a year. With the pandemic, this all came to a screaming halt."

200-411 Richmond Street E, Toronto, ON M5A 3S5
☏ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

Like many Canadians who plan to take advantage of their retirement years by travelling, Ms. Forsythe is very pleased restrictions have ended.

"I do love to travel often – and sometimes it is not super far from home. This year, I have stayed in my home much, much more than usual, so I am especially excited to get on the road," she says.

For those who feel comfortable travelling – and many do – the federal government's decision to drop COVID-19 tests for entering or re-entering Canada as of April 1 opened the floodgates, says Claire Newell, founder and president of Metro Vancouver-based Travel Best Bets.

"There was a huge rush for those trips that were leaving imminently because the sun season runs from November through the end of April," Ms. Newell says. "We were just kind of we're coming to the end of that so a lot of people wanted the Hawaii, Mexico, Caribbean, Southern California trips on the books as soon as they possibly could."

People are booking trips through this year and into next and there are some good deals to be had, she says.

In addition to sales on package vacations, many destinations offer flexible terms and conditions to give travellers a level of comfort that, should the situation change, their travel plans can as well, she says. Many have also drastically dropped deposits to encourage bookings.

Airlines are still ramping up flight schedules, so a limited number of airline seats are available, Ms. Newell says. It will take some time for flight schedules to return to normal, so many agents are booking those great deals for vacation packages or all-inclusive getaways without air included for now, knowing flights will become available in the weeks and months ahead, she says.

"We're recommending that they take advantage of the rates, the flexible terms and conditions of the existing deals that are in the marketplace, as well as some of the low deposits, especially if they want to go over peak dates – long weekends, holidays, any time kids are out of school," she says. "Even if the packages don't include air, in many cases, it's worth securing the space if the terms are flexible."

Before the pandemic, many travellers preferred cheaper flights or cruises, even if it meant less flexibility. That's changed.

"Now, given that COVID-19 isn't gone and we don't know what's going to lie ahead of us, when you're planning your trip, that's one of the things that you may want to look at closely," Ms. Newell says.

It may be a difference of as little as 5 per cent of the overall cost to book a trip that is completely flexible, versus a non-refundable trip with air or hotel or car rentals that can't be changed, she says.

Multi-generational family trips are proving popular, with grandparents travelling with children and grandchildren to family-friendly destinations such as Disneyland, more exotic destinations such as Machu Picchu, or destination weddings that are finally taking place.

Back to Table Of Contents

"A lot of time has passed, a lot of years have gone by, and so a lot of families, especially if they don't all live in the same area, are choosing to go away [together]," she says.

Demand is high for many of the same destinations popular before the pandemic: Hawaii, Mexico, the Caribbean, southern California, New York, and western Europe. And since the U.S. Centres for Disease Control lifted its travel risk warning for cruise ships at the end of March, cruise vacations are gaining ground.

Jessica Pong, founder and owner of Toronto-based Wanderlust Concierge, calls it a travel boom after two years of next-to-no travel.

Many of her clients, who tend to be 55-plus, are looking for longer, special trips to sate their pent-up demand. Europe is a top destination, as well as Costa Rica and some of the lesser-known Caribbean islands such as Antigua, Grenada, and St. Lucia, she says.

"Instead of just flying down to Cancun for a week to lie on the beach and fly home, now people want more experiences," Ms. Pong says. "I've heard it from so many of my clients, 'Money is burning a hole in my pocket. I've been sitting here watching movies and TV and all I want to do is travel."

People have been stuck at home, saving money, and dreaming about a special voyage, she says.

"And what's more amazing and special than a trip to Antarctica or a month-long adventure through Australia?" she says. "It's these bucket-list trips people are eager to experience now that they can."

Ms. Pong says there are ways to get one of the many good travel deals available. She suggests signing up for one or more websites that offer deal alerts or engaging a travel agent.

Older travellers often have flexibility with when they travel, which can translate into major savings.

"If you're flexible to go to Greece any time of summer, then we can find you an absolutely amazing hotel rate, versus if you can only travel during these two weeks in the heart of summer," she says.

Ms. Pong reminds travellers that travel insurance is more important than ever given the global pandemic and says it's up to the traveller to stay up-to-date on travel advisories and vaccine or testing requirements. She suggests that the website joinsherpa.com is a great resource for global updates and also to check the government of Canada travel advisory website and government websites in your destination country.

Ms. Newell also suggests that all travellers take a few minutes to register at travel.gc.ca "so that the Canadian government knows where you are if something goes completely sideways, and given the situation in the world, we never know what can happen."

Back to Table Of Contents

Canada's Travel Rules Are Changing Once Again & Here's What You Need To Know

By Narcity, April 22, 2022

[Canada's Travel Rules Are Changing Once Again & Here's What You Need To Know (msn.com)]

New changes to Canada's travel rules are coming into effect and here's everything that you need to know about the updates.

On April 22, 2022, the federal government announced that it's making multiple changes to border measures including ones for fully vaccinated travellers and unvaccinated children.

Effective at 12:01 a.m. ET on Monday, April 25, 2022, unvaccinated or partially vaccinated children aged 5 to 11 who are accompanied by a fully vaccinated parent, step-parent, guardian, or tutor won't be required to complete a pre-entry COVID-19 test to enter Canada.

However, pre-entry tests will still be required for partially vaccinated or unvaccinated travellers 12 years of age and older who are eligible to travel to Canada.

Also as of April 25, all fully vaccinated travellers won't need to provide a quarantine plan upon entry anymore.

That requirement will also be removed for travellers with a medical contra-indication to a COVID-19 vaccine and children aged 5 to 11 years old who are accompanied by a fully vaccinated parent, step-parent, guardian, or tutor.

Fully vaccinated travellers arriving in Canada on or after April 25 will no longer be required by the federal government to wear a mask in public spaces for 14 days after their arrival.

Also, fully vaccinated travellers won't have to monitor and report if they develop signs or symptoms, quarantine if another traveller in the same travel group has symptoms or tests positive, or maintain a list of close contacts and locations visited.

The federal government is reminding travellers that everyone entering the country is still required to use ArriveCAN to submit mandatory travel information within 72 hours of their arrival in Canada and before boarding a plane or cruise ship destined for Canada.

If they don't submit their information to ArriveCAN, travellers won't be eligible for the fully vaccinated traveller exemption, which means they could have to show a pre-entry test, provide a quarantine plan, quarantine, and test.

They could also face delays upon arrival for public health questioning and even be "subject to fines or other enforcement action."

The federal government also said that all travellers must wear a mask throughout their travel journey no matter what their vaccination status is.

Back in March, Dr. Theresa Tam said federal policies about mandatory masking on planes and vaccine passports for travel are part of a "precautionary" and "thoughtful" line of action.

The country's top doctor also noted that government officials are "looking at a phased approach of removing" policies such as the mask and vaccination rules.

Canada Changes COVID-19 Border Rules For Unvaccinated, Partially Vaccinated Kids

By Aaron D'Andrea Global News, April 22, 2022

https://globalnews.ca/news/8778158/canada-COVID-19-border-rule-changes-kids-5-11/

Unvaccinated and partially vaccinated kids ages five to 11 will no longer need a COVID-19 test to enter Canada.

The federal government said on Friday, April 22 that beginning on April 25 at 1 a.m. ET, children in that age group who are accompanied by a fully vaccinated parent, step parent, guardian, or tutor will no longer be required to complete a pre-entry COVID-19 test.

However, pre-entry tests will still be required for partially vaccinated or unvaccinated travellers ages 12 and older who are currently eligible to travel to Canada.

Children under five years of age are not required to provide a COVID-19 test result, the government added.

The easing of border rules comes after Ottawa decided to scrap pre-arrival COVID-19 PCR testing requirements for fully vaccinated travellers at the end of February.

As part of Friday, April 22’s announcement, the government said fully vaccinated travellers will no longer be required to provide a quarantine plan upon entry.

“This requirement will also be removed for children aged 5-11 who are accompanied by a fully vaccinated parent, step-parent, guardian, or tutor and travellers with a medical contra-indication to a COVID-19 vaccine,” the government said in a news release.

In addition, fully vaccinated travellers entering Canada on or after April 25 will no longer be required by the federal government to wear masks in public spaces, monitor and report if they develop signs or symptoms, quarantine if another traveller in the same travel group shows signs or symptoms or tests positive, and maintain a list of close contacts and locations visited.

Those measures had been required for 14 days after arriving in Canada, the government said.

However, travellers shouldn't ditch their masks entirely, said Dr. Theresa Tam, Canada's chief public health officer.

"(If) you're going to be travelling with a group of people in a certain environment, I think it is prudent to continue to require wearing a mask," she told reporters during a virtual COVID-19 briefing on Friday, April 22.

"It takes the guess work out for the traveller. Everybody's going to be wearing a mask as an additional layer of protection. It can reduce transmission, (so) why not?"

Furthermore, all travellers are still required to use the ArriveCAN app to upload travel and vaccination information within 72 hours of their arrival to Canada and/or before boarding a plane or cruise ship destined for Canada.

Fully vaccinated travellers who do not submit their information into ArriveCAN won't be eligible for the fully vaccinated traveller exemption, meaning they may have to submit a pre-entry test result and a quarantine plan, for example.

"All travellers, regardless of vaccination status, must also continue to wear a mask throughout their entire travel journey," the government said.

"While some federal requirements are being lifted for certain eligible travellers, all travellers entering Canada by air, land, or water must adhere to the federal requirements along with those outlined by their province or territory."

Canada is further easing its border rules at a time where COVID-19 cases are circulating in various parts of the country in a sixth wave.

Driven by Omicron's BA.2 variant, the sixth wave has seen high spikes of infections over recent weeks, but some areas are suggesting peaks in transmission.

Eighty-one per cent of Canadians are fully vaccinated, according to the government, but higher uptake can result in increased protection with global travel becoming more attractive, said Dr. Howard Njoo, Canada's deputy chief public health officer.

"At the end of the day, everyone is in agreement that vaccines are still our major tool, a major layer of protection both inside Canada for all Canadians," he said.

"But also for travel purposes, it's important to stress the point that the higher our vaccine coverage is, the better we all are overall in protecting against serious consequences against COVID-19."

200-411 Richmond Street E, Toronto, ON M5A 3S5
☎ (416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

Canada Eases Some COVID-19 Travel Measures, But Not Masking On Planes

Government 'Will Continue To Consider Further Easing Of Measures At The Borders': Health Minister

By Richard Raycraft, CBC News, April 22, 2022

https://www.cbc.ca/news/politics/public-health-officials-update-april-22-1.6427443

The federal government is winding down some COVID-19 border measures for travellers arriving in Canada — but top public health officials said the government isn't budging when it comes to masking on planes and vaccine mandates for domestic travel.

In a news release on Friday, April 22, the government announced that public health measures will be eased for some eligible travellers starting Monday, April 25.

Fully vaccinated travellers will no longer be required to provide a quarantine plan upon entry, and unvaccinated or partially vaccinated children aged five to 11 who are accompanied by a fully vaccinated parent or guardian will no longer have to undergo a COVID-19 test for entry to Canada.

"The health and safety of Canadians remains our top priority and as vaccination levels and health care system capacity improve, we will continue to consider further easing of measures at the borders based on science," Health Minister Jean-Yves Duclos said in the release.

A number of other measures will also be eliminated next week. The government will no longer require fully-vaccinated travellers to mask in public spaces for 14 days following arrival, or to maintain a list of close contacts and locations visited.

But while the government is pulling back on some measures, it's standing firm on others, such as mandatory masking on planes and trains.

"Although some restrictions may be easing, air and rail travellers are reminded that they are still required to wear a mask throughout their travel journey," Transport Minister Omar Alghabra said in the release.

"Wearing a mask offers an extra layer of protection for you and your fellow travellers, and will help keep Canadians, workers, and our transportation system safe."

In a COVID-19 update on Friday, April 22, Canada's Chief Public Health Officer Dr. Theresa Tam said she approves of maintaining the masking requirement for planes — at least for now.

While masks may be inconvenient, she said, they're an additional layer of protection while travelling and do not restrict travel.

"If you're going to be travelling with people in a certain environment, I think it is prudent to continue to require wearing a mask," she said.

"So I think it's one of the least intrusive measures, but adds, definitely, another layer of protection."

The government also has no plans to end vaccine mandates for travellers.

Deputy Chief Public Health Officer Dr. Howard Njoo said vaccination remains the best protection against the virus.

"At the end of the day, I think everyone is in agreement that vaccines are still our major tool, a major layer of protection," he said.

Njoo also said that while certain border measures are easing, it's important to maintain the infrastructure which helped health officials test and screen travellers for the virus.

"[If] COVID-19 takes a turn for the worse and we need to re-adjust and go back to a different regime, maybe similar to what we might have had before, we're ready to do that," he said.

The United States government also extended a rule on Friday, April 22 that says non-U.S. citizens crossing land or ferry terminals at U.S.-Canada borders must be vaccinated against COVID-19.

Hospitalization Rate Seems Manageable, Tam Says

Tam said that although there were signs of COVID-19 nearing a peak in some jurisdictions across Canada prior to the Easter holiday, the Omicron variant's virulence creates uncertainty.

"It is still too soon to tell whether our long weekend activities could lead to another bump ahead," she said.

While Tam says there's been an increase in hospitalization, severe cases are still relatively rare.

"Although concerning, the recent rise of hospitalization rates in several jurisdictions appears to be manageable, with critical care still trending at low levels," she said.

"We remain hopeful that the increase in transmission rates over the last several weeks will not result in as heavy an impact on hospitalizations trends as seen during earlier waves."

The US Is Extending The Canada—US Border Vaccination Requirements For Canadian Travellers

By Narcity, April 23, 2022

[The US Is Extending The Canada-US Border Vaccination Requirement For Canadian Travellers (msn.com)]

Travel rules at the Canada-U.S. border have been extended for Canadians by the American government.

On April 21, the Department of Homeland Security (DHS) announced that it is extending the temporary vaccine requirements for non-American travellers entering the U.S. through land and ferry ports of entry.

That means Canadians travelling to America via Canada-U.S. land border crossings and ferry terminals must be fully vaccinated and provide proof of vaccination upon request in order to be granted entry into the country.

The vaccine requirements apply to non-Americans who are travelling for either essential or non-essential reasons.

DHS noted that the requirements were extended in consultation with the CDC and several other federal agencies.

"According to [...] CDC, vaccines remain the most effective public health measure to protect people from severe illness or death from COVID-19, slow the transmission of COVID-19, and reduce the likelihood of new COVID-19 variants emerging," the DHS stated.

Non-U.S. travellers entering by land or water have to verbally attest to their COVID-19 vaccination status, provide proof of vaccination if asked, show a valid travel document such as a passport, as well as be ready to show other documents that U.S. Customs and Border Protection officers may request during an inspection.

The DHS said it will "closely monitor" relevant circumstances, including the effect of the newly extended requirements, and could amend or remove the rules "at any time."

When it comes to testing requirements, a COVID-19 test is not needed to enter the U.S. at a land or ferry border crossing.

America Doesn't Much Care About COVID-19 Anymore. Just Ask Kamala Harris

When The White House Announced Vice President Kamala Harris Had COVID-19, The Terse Five-Sentence Statement From Her Press Secretary Encapsulated Something Of The Current U.S. Coronavirus Posture Neatly. Ho-Hum.

By Edward Keenan, Toronto Star, April 26, 2022

The vice-president of the United States has COVID-19.

Ho-hum. Carry on. For now, at least.

When the White House announced Kamala Harris' health status on Tuesday, April 26, the terse five-sentence statement from her press secretary, Kirsten Allen, encapsulated something of the current U.S. coronavirus posture neatly.

"Today, Vice-President Harris tested positive for COVID-19 on rapid and PCR tests. She has exhibited no symptoms, will isolate, and continue to work from the vice-president's residence," the statement began. It said she hadn't recently had close contact with the president due to travel schedules.

There were immediate news alerts, but the cable news channels didn't turn to the Veep's diagnosis for long before returning to Ukraine, Alec Baldwin, and Elon Musk buying Twitter.

That relative shrug at Harris' news mirrors the broader approach to the COVID-19 situation, in which the virus continues to circulate in the U.S., clearly even among the vaccinated and boosted. In Washington, D.C. within the past six weeks, the list of movers and shakers who've contracted the illness after all of this time includes the speaker of the House of Representatives, the mayor of Washington, and the president's press secretary (for a second time). But mask requirements in most places are all but a memory, freely available at-home antigen tests have largely begun replacing official PCR testing for most suspected cases, and isolation protocols have been greatly relaxed. For weeks, Congress has been delaying passage of renewed funding to fight COVID-19.

"We are in a complicated moment in the pandemic," White House Coronavirus Task Force Co-ordinator Dr. Ashish Jha wrote in a CNN opinion piece that urged renewed funding and was circulated by the White House this week. "Infections, while low, are rising again in many parts of the country — driven by a new and more transmissible sub-variant of Omicron, known as BA.2," he wrote. "While deaths are declining, hundreds of Americans are still dying from COVID-19 each day." He warned against the impulse to "think the pandemic is over."

Yet clearly, authorities are eager not to dwell on it any more, either — it has dropped off as a public topic of daily discussion in the White House, and new or revived restrictions aren't really up for discussion. Much (but not all) of the public is with them on that.

200-411 Richmond Street E, Toronto, ON M5A 3S5
(416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

You can certainly see a change in tone and sense of alarm from the last time an elected member of the executive branch tested positive — when a death watch convened at the Walter Reed Hospital and the media parsed the details of a White House super-spreader event where he may have contracted or given it to those around him.

Part of the difference now — in Harris' case and more generally — is the widespread availability and efficacy of vaccines in preventing hospitalizations and death. And among the unvaccinated, the incidence of some immunity from prior infection is high — according to the Centers for Disease Control (CDC), by February of this year, more than 60 per cent of Americans had been infected with coronavirus at least once.

Likely because of the combination of those two factors, U.S. hospitalizations are at their lowest level since the pandemic's beginning in March 2020, and deaths have continued to drop despite a rise in infections in the northeast part of the country.

So there has been no rush with the recent Omicron variant to return to prevention precautions. The White House is appealing a court ruling that struck down the mask mandate on airplanes and public transit — but widespread reporting suggests the appeal has more to do with the precedent set by the decision, and that mandates won't be re-imposed in the case of victory.

The White House continues to push, at every opportunity, the message that people should get vaccinated and boosted, though it appears that message may be a matter of preaching to a well-rehearsed choir at this point. Since early February, the number of two-dose vaccinated Americans (about two-thirds) has barely budged and the percentage boosted (30 per cent) has risen only a smidge.

And while the Biden administration is distributing millions of free at-home antigen tests and high-quality N95 masks to the public (in our neighbourhood, households can pick up boxes of both at the local library each day), much of its emphasis is moving from individual efforts at prevention to mass detection through wastewater monitoring and, especially, to treatment.

On Tuesday morning, April 26, the Biden administration announced that it was increasing the supply of the antiviral drug Paxlovid which is available free to the public (which, in a briefing call, a senior administration official said reduced the risk of hospitalization and death by 90 per cent) and is ramping up a "test to treat" program in which high-risk people can get a test and, if necessary, a doctor visit and antiviral pill all in one visit, for free.

Less worry about containing the virus, it appears, and more focus on containing the damage it causes.

The final sentences of the announcement of Harris' diagnosis reflected a sense that this would soon pass. "She will follow CDC guidelines and the advice of her physicians. The vice-president will return to the White House when she tests negative."

And what about the 79-year-old president? At the White House press briefing on Tuesday, April 26, Dr. Jha said that while Harris had no recent contact with Biden, "I wouldn't say it's just a matter of time, but of course it is possible that the president, like any other American, could get COVID-19.

The bottom line is that he is vaccinated and boosted, he is very well protected, he's got very good protocols around him to protect him from getting infected. But there is no 100 per cent to anything."

Carry on, then. For now, at least.

Read Story (Subscription Required): https://www.thestar.com/news/world/2022/04/26/america-doesnt-much-care-about-COVID-19-anymore-just-ask-kamala-harris.html?source=newsletter&utm_content=a12&utm_source=ts_nl&utm_medium=email&utm_email=6D73923380F292A40DC042B455F0FDE3&utm_campaign=teve_120246

Unvaccinated Disproportionately Risk Safety Of Those Vaccinated Against COVID-19, Study Shows

By Andrea Woo, The Globe and Mail, April 25, 2022

https://www.theglobeandmail.com/canada/article-unvaccinated-COVID-19-risk-for-vaccinated-canada/

People who have not been vaccinated against COVID-19 contribute disproportionately to the risk of infection among those who have been vaccinated, according to a new study being released as Canadians navigate a phase of the pandemic with few public health measures remaining.

Authors of the modelling study, published Monday, April 25 in the Canadian Medical Association Journal, say this increased risk undermines the assertion by some that vaccine choice is best left to individuals, and supports "strong public actions aimed at enhancing vaccine uptake and limiting access to public spaces for unvaccinated people, because risk cannot be considered 'self-regarding.' "

While most governments have scaled back on COVID-19 data collection and reporting, available indicators – including wastewater surveillance – show levels of transmission across Canada higher than at any other point of the pandemic prior to this past winter's Omicron BA.1-driven wave. Hospitalizations are also trending upward, with more people in hospital now than at any point before the winter.

Meanwhile, government-led public-health measures such as vaccine passports and mask mandates are lifting across the country, with the public being told to assess and manage personal risk.

The trio of researchers from the Dalla Lana School of Public Health at the University of Toronto created a model of a respiratory viral disease, with people represented as either susceptible to infection, infected and infectious, or recovered from infection with immunity. Those compartments were then divided into two sub-populations, with 80 per cent of people vaccinated and 20 per cent unvaccinated.

They then simulated scenarios to assume different amounts of mixing, accounting for human tendency to interact with people similar to themselves. They also adjusted values to capture the different dynamics of the Delta and Omicron variants, the latter of which was then just emerging.

200-411 Richmond Street E, Toronto, ON M5A 3S5
☎ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

Lead author David Fisman, an epidemiologist and professor at the DLSPH, said the group found that vaccination status and the way that these groups mix interact in important ways.

"In particular, when you have a lot of mixing between vaccinated and unvaccinated people, the unvaccinated people actually get protected by the vaccinated people, who act as a buffer – but that comes at a cost to the vaccinated," said Dr. Fisman, who co-authored the study with PhD student Afia Amoako and infectious-disease epidemiologist and mathematical modeller Ashleigh Tuite.

When the groups became more separate, final epidemic sizes decreased among the vaccinated group but increased in the unvaccinated group because of the loss of buffering through interaction with vaccinated people, the researchers found.

"The one counter-intuitive finding is that even as the risk in the vaccinated drops off, the relative contribution of unvaccinated people to risk in the vaccinated actually goes up," Dr. Fisman said.

When the groups are largely separated, the lower immunity among the unvaccinated group pushes up the number of cases directly caused by an infected individual – a measure called the reproduction number. With that group then experiencing a "roaring epidemic," what little contact they have with vaccinated people disproportionately drives up risk, Dr. Fisman explained.

"It goes up more and more and more, the more you push the groups apart without completely separating them," he said.

The researchers note there is ample precedent for public health regulation that protects the wider community from the spread of communicable diseases, even if this protection comes at a cost of individual freedom. A person who refuses treatment for tuberculosis, for example, can be legally detained in hospital to protect the public.

"We also note that the use of legal and regulatory tools for the prevention of behaviours and practices that create risk for the wider public also extends beyond communicable infectious diseases, such as statutes that limit indoor cigarette smoking," the authors write.

Vardit Ravitsky, a professor of bioethics at the University of Montreal and Harvard Medical School, said the study adds further support to the rationale behind many of the public health measures that had been in place, such as vaccine passports for discretionary settings.

The ethics of various measures, she said, involve an analysis of burden and benefit, of carrot versus stick, and depend upon the current situation: How much virus is circulating in the community? How much risk does this pose to the public? Is the health care system able to respond sufficiently? What is the cost to individual freedoms?

In some scenarios, it may no longer be ethically justifiable to mandate certain measures if they are outweighed by the cost to individual freedoms, said Dr. Ravitsky, who is also president of the International Association of Bioethics.

"But there's a third dimension of balance, and that is the more you give back freedom from burden to those of us who are young and able-bodied and can cope well with infection and can get vaccinated, the more we're creating a society that is unsafe for the most vulnerable, the elderly, those with co-morbidities, immuno-compromised, those who cannot be vaccinated for medical reasons, young children," she said.

"We are, once again, turning the dial to increase the freedom for the majority but increase the burden and the risk and the worry for the vulnerable, which is a minority. And that is a value-based decision that we make as a society."

Another COVID-19 Wave 'Almost Baked In' For The Fall: Top Ontario Science Adviser

By Michael Lee, CTV News, April 23, 2022

https://www.ctvnews.ca/health/coronavirus/another-COVID-19-wave-almost-baked-in-for-the-fall-top-ont-science-adviser-1.5873371

An expected, but likely different, COVID-19 wave is "almost baked in" for this fall, the scientific director of Ontario's Science Advisory Table says.

Dr. Peter Juni told CTV News Channel on Saturday, April 23 that while Canadians need to be aware of an upcoming fall wave, there is hope for a "honeymoon period" this summer as long as no new COVID-19 variants emerge.

But the challenge will come once the weather starts to cool and immunity against infection starts to decrease, he says.

"It will be different than before because nearly all of us will have had some [exposure] to the virus multiple times," Juni said.

"Typically, through vaccines only or a combination of vaccines and infections, and some of us just through infection, and then it will just depend on what we see there [and] how strongly we need to react then."

Juni suspects that Canadians 50 and older will need to get another booster shot at that time to protect themselves from serious infection that would require hospitalization.

"If it needs to be stronger, then it would be a mass vaccination campaign for all above the age of 17 and, in addition to that, we will need to take into consideration that we might have a few months where masks will be needed indoors again."

Canada's provinces and territories have loosened many of their pandemic restrictions, including mask mandates, in recent months.

This also comes as the federal government on Friday, April 22 announced that it would ease a number of travel restrictions starting Monday, April 25 for those who are fully vaccinated and children regardless of their vaccination status.

Juni says some restrictions can be lifted, including at the border, given the landscape is changing.

One challenge, though, is the potential for more health-care workers to be "knocked out" by COVID-19 if community transmission remains high.

This is on top of the burnout which health-care workers have gone through, both before and during the pandemic, Juni says.

The number of patients who are in hospital for COVID-19 in Canada has risen over the past several weeks but remains below the peak seen during the Omicron wave this past winter, figures from the Public Health Agency of Canada as of April 18 show.

In Ontario, the number of people in hospital for COVID-19 appears to have levelled off slightly in recent days and is still well below the peak of the Omicron wave.

Most patients in hospital with COVID-19 currently in Ontario were admitted for other reasons but later tested positive, the provincial government's data show, while most in intensive care are there for a COVID-19-related reason.

As of April 22, roughly three-quarters of all people hospitalized with COVID-19 in Canada are aged 50 and older.

Air Canada Revenue More Than Triples To $2.6-Billion As Travel Recovery Takes Hold

By Eric Atkins, The Globe and Mail, April 26, 2022

Air Canada signalled the recovery in air travel is gaining traction, as operating revenue more than tripled in the first quarter.

Canada’s largest airline said revenues rose to $2.6-billion from $729-million in the same period of 2021, as passengers shook off fears of COVID-19 and resumed flying, albeit in smaller numbers than in pre-pandemic days.

For the three months ending March 31, Air Canada lost $974-million, or $2.72 a share, an improvement from the year-ago loss of $1.3-billion ($3.90).

Michael Rousseau, chief executive officer of Air Canada, said passengers’ desires to resume travelling as restrictions ease, a tight reins on costs, and diversified revenue streams from such ventures as cargo shipments will give the airline momentum through the rest of the year.

Back to Table Of Contents

"Given pent-up travel demand, the demonstrated loyalty of our customers, and the expected further removal of travel-related government restrictions, Air Canada anticipates that its recovery will gain momentum through the balance of 2022 and beyond," Mr. Rousseau said in a statement accompanying the financial results, which were released before markets opened on Tuesday, April 26.

In the current quarter, Air Canada will boost its available seat capacity by 414 per cent from the same quarter in 2021. That is about 73 per cent of the level reached in the second quarter of 2019, before the pandemic caused the airline industry to collapse.

Air Canada's payroll swelled to more than 27,000 people from 16,000 a year ago amid hiring and recalling to meet demand. Air Canada flew more than 5.4 million passengers in the quarter, up from 1.1 million in in the first quarter of 2021. Passenger load factor, an industry measure of how many seats are sold on a given plane, rose to 66 per cent from 43 per cent.

The average fuel cost increased to 98.6 cents a litre, up from 62.7 cents. Air Canada expects fuel will average $1.24 cents a litre in 2022, amid persistently high oil prices due in part to Russia's war on Ukraine. Fuel expenses rose to $750-million from $200-million in the first quarter of 2021.

For the summer, Air Canada is restoring 41 North American routes it dropped in the pandemic, and launching seven domestic and trans-border routes. The airline will reach 51 Canadian and 46 U.S. airports, in addition to 34 routes across the Atlantic and Pacific oceans.

Walter Spracklin, a stock analyst at Royal Bank of Canada, said higher fuel prices mean Air Canada is less able to benefit from its higher ticket prices. And it is not clear when Air Canada expects business travel will return in meaningful volumes, he said in a research note.

Air Canada's loss was deeper than expected although seat capacity was in line with Mr. Spracklin's forecast. "Given that [the first quarter] remains very much a recovery quarter, we are less concerned about variations to expectations as long as the trajectory is in the right direction — which evidence suggests it is," he said.

Read Story (Subscription Required): https://www.theglobeandmail.com/business/article-air-canada-revenue-more-than-triples-to-26-billion-as-travel-recovery/

Flair Airlines Flap Should Prompt Ottawa To Relax Foreign Ownership Rules

Opinion By Rita Trichur, The Globe and Mail, April 21, 2022

The fate of Flair Airlines is caught up in stifling and outmoded federal airline regulations, and Canadians should be outraged at the prospect of losing yet another discount carrier.

At issue is whether Edmonton-based Flair is actually controlled by foreigners, in contravention of federal law, despite the airline's claim of being 58 per cent Canadian owned. Specifically, the Canadian Transportation Agency suspects U.S. investment firm 777 Partners is actually calling the shots at Flair, even though it only owns a 25-per-cent stake.

It seems three of Flair's five directors are – gasp – U.S. citizens who have connections to 777 Partners. What's more, Flair apparently leases a number of planes from the Miami-based investment firm and owes it a whole whack of money.

Oh my swirls! An American private equity firm is investing in our airline industry and providing us with a lower-cost choice for air travel to Canadian, U.S., and Mexican destinations. Predictably, rival airlines are kicking up a fuss. But good luck trying to find a Canadian who thinks this is an actual problem.

This regulatory fiasco involving Flair is the latest example of how Canada's outdated laws and regressive attitude toward foreign investment doom discount airlines, limit competition, and harm ordinary Canadians who are fed up with overpriced air fares.

The blame for this mess lies squarely with Ottawa. Instead of opening up Canadian skies to real competition from foreign-controlled airlines when it had the chance, the Trudeau government opted to merely tinker with our foreign investment rules.

Back in 2018, the government raised the foreign investment limit for airlines to 49 per cent from 25 per cent. But it also ensured that international investors had no path to gaining control of a Canadian carrier.

Under federal law, no single foreign investor is allowed to own more than a 25 per cent stake in a domestic airline. Moreover, the law prohibits foreigners from effectively controlling a domestic airline in other ways (such as exerting undue influence over its decision-making or by running its daily operations). In the CTA's regulatory parlance, such scenarios are known as "control in fact."

Therein lies the rub with the Flair case.

The CTA is giving Flair until May 3 to straighten up and fly right, or risk losing its operating licence. Flair, meanwhile, is asking Transport Canada for an 18-month exemption to address the regulator's concerns.

Obviously, Ottawa should grant an exemption. It's a reasonable request. Jobs are on the line and customers could be stranded by an abrupt shutdown. Moreover, Flair needs enough time to shuffle its board, tidy up its debt, and resolve any other lingering concerns.

But this farcical flap over who controls Flair should also prompt Canadians to question why our country maintains such antiquated laws in this day and age.

It's clear that our government's aversion to foreign investors makes no sense. So, if Ottawa is serious about increasing competition in the airline sector, it must relax the remaining foreign ownership restrictions for airlines that fly domestic routes.

Back to Table Of Contents

No Canadian cares if Americans, or other foreigners for that matter, control airlines that service destinations within Canada. We just want to pay the lowest possible price for a ticket.

Australia and New Zealand have a 49-per-cent foreign-ownership limit for domestic airlines that fly internationally, but foreign investors are allowed to own up to 100 per cent of carriers that only operate on domestic routes.

The Competition Bureau has previously advocated replicating that model in Canada for domestic air service. And, of course, the 2008 Competition Policy Review Panel argued there's "no evidence that foreign-controlled airlines would be any more or less inclined than Canadian firms in servicing Canadian routes."

So why do our legislators still look askance at deep-pocketed foreign investors?

Canada should pursue a variation of the Australian and New Zealand policies – one that would allow smaller airlines such as Flair that fly within Canada, and to U.S. and international destinations, to be 100-per-cent foreign-owned and controlled.

Really, the only airline that should be majority Canadian-owned is Air Canada. That's still a point of patriotic pride for some – even if our flag carrier showed Canadians little loyalty during the COVID-19 pandemic.

Remember Canada 3000, Royal Airlines, and Jetsgo? How many more discount airlines need to fail before Ottawa pursues policies that create real competition?

Canadians shouldn't have to pay through the nose for air travel. We've suffered long enough. And after being stuck at home for the past two years, now is the time to demand change.

Read Story (Subscription Required): https://www.theglobeandmail.com/business/commentary/article-flair-airlines-flap-should-prompt-ottawa-to-relax-foreign-ownership/

Consumer Groups Join Opposition To Flair Airlines' Request For 18 Months To Address Its Foreign Control Issue

By Eric Atkins, The Globe and Mail, April 24, 2022

Flair Airlines faces opposition from powerful consumer groups in its bid for an 18 month exemption from limits on foreign control of Canadian air carriers.

Flair has asked Transport Canada for the time to address financial and other issues related to its control by a Miami-based investor after the Canadian Transportation Agency found the airline might not be a domestic carrier under Canadian law. The CTA gave Flair until May 3 – 60 days – to respond or risk losing its licence.

Two consumer advocacy groups say the government should impose strict rules to protect customers if Edmonton-based Flair is allowed more time to resolve possible violations which the CTA highlighted in its preliminary ruling.

Tahira Dawood, a lawyer with the Public Interest Advocacy Centre, said in an interview that the group is "strongly" opposed to any exemption, but would support giving Flair 90 to 120 days to comply with the law in order to ensure passengers' airfares are not lost or their travel plans disrupted.

"No airline should be allowed to avoid the law and regulatory requirements," the group said in its submission to Transport Canada, which is holding a public interest assessment of Flair's exemption request. "Otherwise, going forward other airlines and entities could follow in similar footsteps, and find ways to cut corners and defy the set laws and regulations to suit their needs and business interests."

The Canadian Automobile Association, in its submission, said it supports more competition but said all airlines should follow the same rules. In order to protect passengers, the CAA said Flair should be made to adhere to the rules in a limited but unspecified time frame.

"More competition is better than less," Ian Jack, a spokesman for the CAA, said by phone. "We think they should be allowed to keep flying but not indefinitely."

"Consumers deserve resolution of this situation as soon as possible so they know whether Flair is a viable option for them, so this period should be the shortest possible that still leaves the carrier a reasonable chance of success in its attempted re-organization," the CAA said in its submission.

Canadian airlines must be majority-owned by Canadians, and no foreigner can own more than 25 per cent.

Flair is 25-per-cent owned by 777 Partners of Miami, a company that is also a major lender and provider of leased planes. It holds three of five board seats and plays an active role in management. This would mean 777 Partners controls Flair, in violation of the Canadian Transportation Act.

Flair's chief executive, Stephen Jones, said on Thursday, April 21 that the airline is adding Canadians to its board and refinancing some of its debt, but needs 18 months to refinance the larger part of its debt to 777 Partners.

In considering Flair's request for the temporary exemption, Transport Canada sought input from the consumer groups, as well as aviation industry members. Hicham Ayoun, a Transport Canada spokesman, said the department will "in due course" make recommendations to Transport Minister Omar Alghabra, who will make the final decision on the exemption.

The Public Interest Advocacy Centre said Flair should stop selling tickets beyond the end of any exemption period it is granted. This will ensure passengers do not lose their money if Flair's licence is suspended, and will create an incentive for Flair to bring its operations in compliance with the law. Additionally, Flair should prepare a plan for other airlines to carry its passengers in case it shuts down, and it should post notices on its website and social media that its status is under regulatory review, the group said.

The CAA said Flair should be allowed to sell tickets beyond the end of its possible exemption date, but passengers must be made aware of the airline's review, and the money must be held separately, in Canada. Passengers should receive full refunds if the airline cannot fulfill its schedule or is ordered to shut down, the CAA said. "Consumers must be protected to the greatest extent possible," the group said in its four-page submission.

The Globe and Mail reported last week that WestJet Airlines and most of the aviation sector oppose Flair's bid for an exemption to the Canadian rules on ownership and control. The National Airlines Council and the Air Transport Association of Canada, which collectively represent most airlines and supporting companies, said domestic control of the industry is essential, and allowing Flair to operate outside the bounds of the laws would set a "troubling precedent."

Read Story (Subscription Required): https://www.theglobeandmail.com/business/article-consumer-groups-join-opposition-to-flair-airlines-request-for-18/

Flair CEO Says Airline Will Pass Ottawa's Ownership Review

By Eric Atkins, The Globe and Mail, April 21, 2022

The head of Flair Airlines said he is confident that the Edmonton-based airline will survive a regulatory review that threatens its operating licence and he indicated that the carrier is making changes to address concerns that it is controlled by a U.S. investor.

Stephen Jones, chief executive officer of Flair, said the carrier is refinancing its debt to its U.S. investor, 777 Partners, and adding seven Canadians to its board of directors after a preliminary ruling from the Canadian Transportation Agency found that Flair might not be a Canadian company under the law.

"Flair Airlines is here to stay," Mr. Jones said. "Flair Airlines is a Canadian airline. Full stop."

Flair is 25 per cent owned by Miami-based 777 Partners and majority owned by Canadians, in accordance with Canadian laws. However, the CTA found Flair is dependent on 777 Partners for plane leases and financing. Three of Flair's five current directors are tied to 777 Partners.

"[N]o Canadian or group of Canadians are in a position to exercise control over Flair," the CTA said in its preliminary decision.

The CTA has given Flair until May 3 to respond to the agency's concerns or face losing its operating licence. Flair has asked Transport Canada for an 18-month exemption to Canadian ownership laws in order to refinance a large debt to 777 Partners.

The request is opposed by most of the Canadian aviation industry.

200-411 Richmond Street E, Toronto, ON M5A 3S5
(416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

Mr. Jones said in a webcast news conference on Thursday, April 21 that the undisclosed debt which Flair owes to 777 Partners was taken on in the COVID-19 pandemic, when Flair and other airlines suffered deep losses as most travel was halted. He said Flair was too small to qualify for most government bailouts, and 777 partners kept the company from collapsing.

He declined to provide financial details of Flair's debt to 777 Partners. The Globe and Mail has previously reported that Flair owed 777 Partners $129-million in late 2020, at 18 per cent interest.

Mr. Jones declined to say how much Flair owes 777 Partners, but said it will renegotiate terms on $18-million, and it needs as long as 18 months to refinance the rest. He said a public offering of shares of the airline is being planned, but would not provide a timeline.

He said he is confident that Flair will reach an agreement with the CTA.

In an interview, Mr. Jones said six of the company's Boeing 737 Max planes are leased from 777 Partners, while five are leased from Airborne Capital Ltd., an Irish company that purchased the planes from 777 Partners. Flair's three older 737s are leased from Airborne and Zephyrus Aviation Capital.

"The [plane] leases are arm's length," Mr. Jones said. "We're cash self-sufficient. So the only thing that will remain is that we owe some debt to a shareholder that provided it to us in order to survive [the pandemic]."

Much of the airline industry, from Air Canada and WestJet Airlines to several smaller carriers, has come out opposed to Flair's request for an 18-month exemption. Mr. Jones dismissed his rivals as "Big Air," "PR machines" and a "rag-tag" assembly of small airlines threatened by Flair's low fares.

John Gradek, who teaches aviation leadership at McGill University, said that Flair will not find it easy to pay off its debt while offering no-frills fares at a low cost amid stiff competition from the likes of WestJet's Swoop and start-up Lynx Air.

"He's not alone in the marketplace," Mr. Gradek said.

In its preliminary decision on Flair, the CTA found that 777 Partners:

- "assumed the majority of the risks and is entitled to the majority of the benefits" of Flair's operation;
- controls the board of directors;
- plays an active role in managing the business; and
- holds rights that exceed those of other shareholders.

"Flair is dependent on 777 for its financing and leasing of aircraft," the CTA said. "After considering all of the facts together, the agency finds that 777's influence over Flair is dominant and that 777, therefore, may have control in fact of Flair."

The CTA is an independent quasi-judicial body whose rulings have the weight of a court. Its decisions can be appealed with leave to the Federal Court of Appeal.

Flair is embroiled in a lawsuit with its largest Canadian investor, Prescott Strategic Investments Ltd., partly owned by Flair's former CEO, Jim Scott. Mr. Jones declined to comment on Prescott, citing a publication ban.

Read Story (Subscription Required): https://www.theglobeandmail.com/business/article-flair-ceo-says-airline-will-pass-ottawas-ownership-review/?utm_medium=email&utm_source=Sightseer&utm_content=2022-4-24_9&utm_term=Flair%20CEO%20says%20airline%20will%20pass%20Ottawa%e2%80%99s%20ownership%20review%20&utm_campaign=newsletter&cu_id=Ts6FwhWx6n2rSHC0x7MiReEeeFJOJkTb

---

Waterloo Region Chair Karen Redman Pleads For Flair Airlines Licence After $35M Spent On Airport

By Jeff Outhit, Waterloo Region Record, April 21, 2022

https://www.therecord.com/news/waterloo-region/2022/04/21/waterloo-regional-chair-karen-redman-pleads-for-flair-airlines-licence-after-35m-spent-on-airport.html?source=newsletter&utm_content=a03&utm_source=ml_nl&utm_medium=email&utm_email=6D73923380F292A40DC042B455F0FDE3&utm_campaign=wrha_123642

Flair Airlines is now in a dogfight with the aviation industry while a federal regulator's ruling threatens the operating licence it needs to fly out of the Waterloo Region airport.

Flair has jetliners and staff based at the Region of Waterloo International Airport and accounts for most passengers using an expanded terminal that opened on Thursday, April 21.

The Canadian Transportation Agency made a preliminary ruling on March 3 that the upstart airline is mostly controlled by foreign investors, which is against the law. This could lead the Liberal government to yank its licence.

The discount airline said on Thursday, April 21 that it has moved to alter its board of directors and shareholder agreement to conform to Canadian ownership rules. It has also asked the government to exempt it from ownership rules for 18 months to give it more time to pay off debt owed to U.S. investors.

The federal regulator expects to issue a final ruling after May 3.

Waterloo Region Chair Karen Redman is pleading with the federal government to support Flair, after Flair's growth at the regional airport led regional council to commit $35 million to double the size of the airport terminal.

"The lack of dedicated air service for a community of our size and scope has been a gap felt by industry and families alike, until Flair Airlines entered the market," Redman wrote on April 17 to Transport Canada. "In response to Flair's increased ramp-up in the market, we have invested in ourselves and committed to significant development."

Support For Flair

Redman argues it is in the interest of passengers and Canadians to give Flair more time to address ownership concerns. But the aviation industry is pressing the government not to give Flair a break on the rules which all airlines must follow.

"Granting them 18 months is like basically saying it's OK if you operate outside the law, which would give them a serious competitive advantage over anybody else," said John McKenna, president of the Air Transport Association of Canada, a national trade association.

Flair president Stephen Jones said passengers can "continue to book incredibly affordable air fares with confidence" while the airline's ownership and licence is under review.

Jones is unsurprised that bigger airlines oppose Flair's bid for more time "because these guys have been ripping off the Canadian public for decades." Flair is "really looking forward to growing" at the Waterloo Region airport, Jones said.

Aviation expert John Gradek said that the Waterloo Region government made a big bet on Flair that may fail because start-up airlines often fail. "The community should be asking itself, how did that decision get built up, and who was involved in it, and how was it managed?" said Gradek, head of the aviation management program at McGill University.

He suggests that passengers book with credit cards to more easily recover costs if Flair loses its licence. "Flair was in flagrant violation of the rules," he said.

Fasten Your Seat Belts: Annick Guérard Has A Daring Plan For Transat's Survival

The Montreal Native Is Steering The Company Away From The Vision Of Its Long-Time CEO. Can She Bring It In For A Safe Landing?

By Nicolas Van Praet, The Globe and Mail, April 27, 2022

Aviation has always been a highly romanticized affair, with images of champagne-sipping travellers flying to exotic destinations anchored in a history of daredevil fighter pilots and aggressive entrepreneurs. But when Transat AT CEO Annick Guérard summoned her seven top executives to Montreal's Monville Hotel on July 12 last year, theirs was a company licking its wounds. Nothing glamorous about it.

In the space of four months, Air Canada had abandoned its takeover of Transat after a two-year effort. Another serious suitor, media mogul Pierre Karl Péladeau, had also given up the chase. After a relentless cash-preservation effort, Transat had won $700 million in emergency aid from the federal government to help it survive the COVID-19 crisis. Days later, Transat's co-founder and CEO, Jean-Marc Eustache, made his long-awaited exit, leaving Guérard free to set a new course for Transat that discarded much of Eustache's plans.

200-411 Richmond Street E, Toronto, ON M5A 3S5
☎ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

Guérard decided her leadership team needed to process what had happened in order to push past it. So the new CEO called for a day of "strategic reflection" in a meeting room on the fringes of Old Montreal. While other companies might have bonded over white-water rafting or paintball, Transat's executives would participate in a verbal exchange she hoped would cement their renewed collaboration. In the end, they poured their hearts out in an act of corporate catharsis and washed it all down with a glass of wine.

"It was the first time we'd taken time to really breathe since the start of the crisis, and it was all about taking stock of everything we'd been through," Guérard says. Each executive shared how they'd lived through the recent hardship and how they felt about it. And together, they talked about how to support one another and perform better as a team. Suggestions for things to change even included the vocabulary used internally, like the phrase "senior management." Guérard hates it. She wants more communication flowing in all directions at Transat, not just top down. "We came out of that day feeling very united, with a very good alignment on our vision for the future of the company and its employees," Guérard says. "The weight of it isn't just on one person but on the whole group. It was a defining moment and a very emotional one for me."

You'd be wrong to peg Guérard's therapy session as the hare-brained scheme of a leadership featherweight. Rather, it's the natural product of a strong executive looking for the best way forward, someone who's made a habit of challenging convention. The 51-year-old is the first woman to lead a Canadian airline and part of a super-small group of female aviation CEOs globally. A civil engineer by training, she's navigated male-dominated workplaces most of her life and climbed ever higher in her career while raising two girls.

Guérard describes herself as optimistic by nature and "hyperactive." She occasionally swears in French to punctuate her point, and has an automatic reflex to identify problems and find solutions. She can't go to a restaurant without picking apart its dining room inefficiencies. During a recent trip to the ski hill, she analyzed its ticketing and lift lineup systems, mentally formulating improvements. "None of it was working the way it should, esti!" she says, using a favourite religiously themed expletive.

Canadians have come to think of Transat as a small leisure airline selling affordable seats to sunspots and European holiday destinations. Indeed, it's the country's third-biggest carrier after Air Canada and WestJet, and it consistently wins awards for passenger satisfaction. Transat's strength in the holiday market is one of the main reasons Air Canada sought to buy it.

But carrying passengers wasn't Transat's raison d'être. When Eustache co-founded the company in the 1980s, he wanted to build North America's TUI Group—a vertically integrated mix of tour operators, travel agencies, and hotels piecing together tidy travel packages. The company's early leaders (including Quebec premier François Legault) saw Transat as a trip maker and the airline as merely a tool toward that larger purpose. But the model never really captured the imagination of North American investors. As Eustache once lamented: "They don't understand an animal like me." He pressed on, and only a few years ago he was still touting the need to go big on owning hotels in sunspots, where he said the real money was.

200-411 Richmond Street E, Toronto, ON M5A 3S5
☎ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

Guérard has flipped Transat's business model on its head. She's making the airline the focus, not only out of financial necessity but because the company can't afford to waste time pursuing different strategic directions. Efforts began years ago to fix Transat's complicated and dysfunctional flying operation, which often didn't make money even in busy seasons. But things must be simplified further, faster, she says. It will still sell tours and packages, but the bulk of management's energy will go to getting the air travel part right. The thinking is that a smoothly run machine with a base in Montreal and planes in the air as much as possible will deliver better profit margins overall.

It's a big bet. And there are as many people rooting for Guérard as there are doubters. By doubling down on Transat as airline, you could argue she's steering the company harder into the path of larger and better-capitalized rivals. One of the main reasons Transat agreed to the Air Canada takeover was that it recognized its own domestic route network was weak, and Air Canada would bolster it by feeding in passengers. That option is gone now.

Quebec economy minister Pierre Fitzgibbon says he's comfortable with the company's trajectory but is tracking it closely. The province has vowed not to let it fail—that it would provide emergency financing if needed after doing due diligence. "The emotional value of the brand is very high in Quebeckers' minds," Fitzgibbon says, adding that Transat has proven it can perform.

"Transat really is an extraordinary group. They have tremendous expertise," says Mehran Ebrahimi, an aerospace specialist at the Université du Québec à Montréal. But on all sides, "they're getting squeezed."

For 34 tension-filled minutes on March 12, 2020, Quebec's business media needled Transat's three top executives in a bid to answer a nagging question: Did the COVID-19 crisis mean Air Canada's proposed $720-million takeover was in jeopardy? If Transat couldn't take shelter under the umbrella of its six-times-larger rival, the storm building in global travel would likely pound the company that much harder.

Again and again, Eustache and his lieutenants gave the same answer: Nothing in the pact allowed Air Canada to kill the deal because of a pandemic. Nor had either side expressed any intention to renegotiate despite the planetary health emergency. Clearly exasperated around the half-hour mark, Eustache invited one journalist asking for details about the contract language to "go check with your own lawyers." Then the CEO got up to leave, declaring sarcastically: "I'd love to answer your questions for a few more hours, but I've got a board meeting."

The surprising surliness was a sign, I thought at the time, of a leader feeling his business collapsing around him. I wondered how long he would hold on to power. In a candid interview three years earlier, Eustache, then nearly 70, had told me he was preparing to hand the controls to Guérard, who'd just been named operations chief. "The old man is good but at one point, he's too old," said Eustache, stressing the need for a new generation to take charge.

At the news conference, Guérard was already answering questions meant for Eustache at a hushed but still audible volume, clearly ready for him to step aside. He couldn't, of course—not with the Air Canada deal on the table. It would take the grey-bearded veteran another 14 months to make his formal exit.

200-411 Richmond Street E, Toronto, ON M5A 3S5
(416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

Less than 48 hours after that exchange with reporters, the Canadian government issued an advisory urging citizens to avoid non-essential travel outside Canada. It then announced it would close its borders to foreign nationals. Other governments were doing the same. Suddenly, what had been a trickle of cancellations became a tidal wave.

For Transat, it was a disaster. Unlike other carriers, which have strong domestic travel volumes, it does the vast majority of its flying from Canada to other countries. The company announced a gradual suspension of its flights for about six weeks as it worked to repatriate 65,000 customers from sunspot and European destinations.

It got worse from there. Transat laid off 80% of its staff, or some 4,000 people, as it brought almost its entire operation to a halt. Three weeks later, it announced that it would make use of the Canada Emergency Wage Subsidy to recall its staff in preparation for an eventual restart, while senior execs and directors took pay cuts. By the time its trademark blue star was seen in the skies again, the airline had been inactive for nearly four months.

The company went into turtle mode—preserving cash, returning planes it didn't need to lessors, and negotiating with other suppliers to push back payments. Says Guérard: "Suppliers that yelled the most were the ones that we paid. The others, we stretched, stretched, stretched. It was very tough."

Employees scrambled to provide for their families. Some took jobs in different fields: One pilot swapped his blazer and cap for protective gloves and a hard hat, and went to work cutting trees. Others who missed the camaraderie and rush of being in the air organized simulator flights with each other in real time from their basements.

Doubts also increased about Air Canada's takeover. The companies first announced in May 2019 they were in talks on a deal, which analysts said was a good way for Air Canada to access Airbus A321 airliners and boost its leisure travel offering against established rivals such as WestJet and new foes in Europe such as Icelandair and Norwegian.

That fall, Transat announced its board had accepted a revised offer of $5 per share, or $180 million, from Air Canada and secured a new $250-million short-term loan sanctioned by its suitor. Directors said the new deal was still the best prospect for Transat's continued viability. Less than six months later, it was dead. Canadian regulators approved the pact, but the European Commission worried it would lessen competition on transatlantic routes and effectively killed it. Péladeau was also in the mix, and despite a widespread perception that he wasn't serious, he hired a team of bankers, advisers, and lawyers to help his effort. But his last offer of $5 a share didn't fly with one of Transat's biggest shareholders, Montreal investment firm Letko Brosseau.

Meanwhile, the company's pre-pandemic cash pile of $734 million was shrinking as it burned through an average of $30 million a month. Transat would weather one more lengthy shutdown, suspending operations completely between January 30 and July 29, 2021, after Canada asked airlines to stop flights to the south. In April of that year, it won the $700-million federal bailout package that left it heavily indebted. It would be Eustache's final act as CEO.

At last count, two institutional shareholders held stakes topping 10% in the publicly traded airline: Letko Brosseau with about 11% and Fonds de solidarité FTQ with 11.5%. The federal government also holds 13 million warrants allowing it to buy shares at $4.50 each, which it negotiated in exchange for the emergency aid. The warrants vest as Transat draws down the loans and the government's maximum stake is 20% of outstanding shares.

Guérard ran the airline and tour business for three and a half years, slowly reshaping the company to boost its efficiency and profit-making power. A snapshot of the four months before COVID-19 hit shows that by getting more use from Transat's most efficient jets, she was able to carry more passengers, lower operating costs, and improve profit margins by 81% compared to the same period a year earlier.

When Guérard walked into the CEO suite a year ago, employees described it as a breath of fresh air. Finally, many of them said privately. Eustache was hailed for what he'd accomplished at Transat, but many felt he was long past his best-before date. He never had a cellphone or computer, and relied on faxes and executive assistants to relay information.

Guérard brought fresh eyes to the job and a new sensibility. During employee webinars, she urged them to take care of themselves and their families, and take time off if needed, a message seen as empathetic and reassuring. She confesses now that all the adversity took a toll: "Every day there were new parameters that affected our reality. We navigated through a nearly opaque fog for several months. We'd rip up plans we made just two days before. Doing that for a month, fine—crisis management with a beginning and end, we could handle. But over several months? We were exhausted."

In her first earnings report as CEO last June, Guérard outlined Transat's worst-ever quarter. Total revenue: near zero. The loss: $103 million. But she also outlined her plan to stabilize and transform the business. The crux of it: make Transat leaner and meaner by refocusing on its core routes and markets, seek alliances with other carriers to bring in connecting passengers, simplify and rejuvenate the fleet by focusing on two Airbus models, keep employees engaged, and rework the capital structure to lighten the debt load.

As spring takes hold, Guérard is decidedly more upbeat about Transat's prospects, even if she's going back to Ottawa for more money. She characterizes the latest unspecified loan request as a kind of insurance that will allow her executive team to avoid more difficult conversations with federal officials later if business conditions deteriorate.

For investors and employees, there are things to be positive about: international travel is coming back. New bookings are surging as consumers with savings and disposable income shift their spending from home improvements and day trips to flights and all-inclusive holidays.

Even with a strong recovery, though, analysts such as Cameron Doerksen at National Bank say it will be extremely difficult for Transat to reduce its $1.2-billion burden of debt and lease liabilities to a reasonable level using its own earnings power. That means the company will have to find a longer-term refinancing solution. One scenario would see it sell stock to a willing buyer to generate the funds for deleveraging, which could significantly dilute current shareholders.

The company is working with bankers to begin probing who might have an interest in Transat equity, Guérard says, adding: "There's a lot of wealth in the market right now and an appetite to take part in the airline recovery. We want to be able to take advantage of that window of opportunity."

Transat's situation remains sobering. Its financial disclosure contains language warning there's "material uncertainty" that may cast significant doubt about its ability to continue as a going concern. Difficult contract negotiations with pilots and other major labour groups loom. More broadly, the competitive landscape is only getting worse, with a major threat from a proposed merger between WestJet and Sunwing, and Air Canada announcing its intention to buy 26 new long-range, single-aisle jets—a move one analyst calls a direct challenge to Transat.

The new CEO says the company has always waged a fierce fight for travellers' dollars, and points to its strong reputation and brand as assets that bolster its chances. What seems to worry her more is the sheer volatility of global airline travel and its different puts and takes, which were exposed by the pandemic and are being compounded by the war in Ukraine. She says that although younger people are getting back on planes, a certain fear has set in for older travellers.

"At the beginning of this crisis, people said it would be over quickly. But the more time passes, the more the horizon changes," Guérard says. "And people again are saying it's over. But we don't know that. So what we're trying to do amid this is to act with a prudent optimism. I always repeat that: prudent optimism. Otherwise, you get all excited, you see bookings take off. But it doesn't take long for reality to catch up."

Guérard grew up in Montreal Island's Cartierville neighbourhood, with strict but loving parents of modest means. She played piano and competed in kayak. Her mother was her main influence, chiefly because of her problem-solving skills and resiliency, Guérard says. When her grandparents' finances were wiped out, Guérard's mom put aside her dreams of higher education and travel to be the clan's main breadwinner. She put all her siblings through school and still talks about the sacrifice with pride, not bitterness, Guérard says. She went back to school at age 50.

Guérard's father and several other family members are engineers, so it wasn't entirely a surprise when she decided to follow that path herself. She started at Montreal's École Polytechnique in 1990, just months after Marc Lépine shot and killed 14 women and wounded 10 others in what was long Canada's biggest mass murder, now recognized as a symbol of societal violence against women.

Her first day on the job after graduation proved how much engineering and construction remained the domain of men. She was hired on a Friday by three male engineers who told her she'd start Monday supervising a new project for the City of Montreal. Over the weekend, she bought new work boots and a helmet. "I had a massive cellphone," she recalls. "I thought I was such a hotshot with my tape measure attached to my jeans."

She arrived on site, her car loaded with binders from school outlining the latest building regulations and engineering techniques. There wasn't a woman to be seen. "Construction, esti." Her job was to point out things that weren't up to code. Everyone ignored her. She went home that night soaked with sweat. "I was flipping out," she says.

The next day, she went back with two boxes of doughnuts. Nobody ate them. After a week she changed her approach entirely, focusing on one-on-one interactions. It worked. Suddenly, it was, "Annick, I want to show you something." Soon guys were inviting her to family events.

"I learned a lot about putting the human before the task," Guérard says now. "It's been like that my whole career—coming into a job, men everywhere. It's all about being interested in people, taking the time to ask about their personal situation, understanding where they're coming from."

Eventually Guérard found engineering too homogeneous and yearned for increased responsibility, so she went back to school for an MBA. She landed at Deloitte, doing consulting work that would see her parachuted into companies to improve their operations. Guérard was dispatched to Transat to help improve its aircraft maintenance processes. She shadowed mechanics for weeks in the frigid Montreal winter and saw firsthand their passion for the carrier, which stretches to the tattoos many have of its star logo. She joined the company shortly afterward, moving through several units and doing work on operations, commercialization, marketing, e-commerce and digitalization. Eventually she was put in charge of a Toronto-based division packaging tours to foreigners in Asia and Europe. Management then summoned her back to Montreal with clear instructions: transform the organization, fix what's broken, and make growth plans for the most profitable pieces of the business. In other words, do what you did with the maintenance guys but on a company-wide scale. "It gave me a complete view of the organization," she says, "and I became passionate about not only aviation but also the world of travel and tourism more broadly, the benefits it can have for an individual."

Transat began to seek a successor for Eustache around 2015. Three candidates entered a formal evaluation process shortly after. They were judged on everything from their ability to keep cool under pressure to their communication skills. Guérard was the clear winner, and she hatched a plan with the company to further elevate her skills through mentoring and coaching.

From her promotion to COO in 2017, it should have been a quick and easy path to the CEO suite. It wasn't, for a variety of reasons, including the Air Canada takeover and COVID-19. Then there was Eustache, who held on with stubborn determination. It was classic entrepreneur syndrome: he'd been in charge since he and his co-founders, Philippe Sureau and Lina De Cesare, parlayed a tiny agency specializing in travel for backpackers into a company with $3 billion in sales. And he couldn't let go. (He declined to comment for this story.)

If Transat's board was impatient to see Guérard start as CEO, it didn't let on. They were also in a prickly position: asking Eustache to leave would have triggered his involuntary-departure benefits worth $5.5 million at a time when many employees remained out of work and the company was cutting deeply in all corners of the business.

Guérard officially became CEO on May 27, 2021, and quickly started putting her stamp on the company. She hired former investment banker Patrick Bui as CFO and a new director for France, Benelux, Switzerland, and Germany. She reduced Transat's presence in Western Canada and moved to shore up its clout in Ontario and Quebec with unexpected twists, including a weekly Quebec City-to-Vancouver flight for the late summer and fall, the first time any airline had tried that route.

Back to Table Of Contents

Young CEOs with big shoes to fill sometimes try too hard to impress their boards, but Guérard has no insecurities and therefore no personal agenda, says Transat director Susan Kudzman. She describes the CEO as grounded and humble, a troop rallier with a good sense of humour. "We have nothing to guess about" in terms of where she's coming from, Kudzman says. "There's no time for that in this current environment."

In the tower that houses Transat headquarters at the base of Mount Royal, a faint alarm is going off at the security desk in the lobby as I make my way into the elevator. The company has shrunk its office space from 12 floors to six, and could shrink more. Eustache's CEO suite is now a large boardroom, while his successor has installed herself in a smaller space elsewhere. "Offices aren't really my thing," Guérard says.

Transat, she says, is playing "extreme catchup" these days. "It's going well, but there's a lot of pressure on the organization." Merging with Air Canada made a lot of sense in terms of creating a stronger player to position itself against international rivals such as Air France, KLM, and the Gulf State carriers, Guérard says. Airlines are becoming bigger and bigger. But when the deal was abandoned, she says it was liberating, not only because it put the uncertainty surrounding ownership to rest but also because it set the corporation back on course under its own steam.

There were many things Transat couldn't do as long as the sale to Air Canada remained unresolved. Take technological development: Transat was forced to limit investments in tech during the merger period, mostly because it would've been inappropriate to spend on new systems that might be redundant after the takeover. So while Air Canada continued with its tech-related initiatives, Transat put its own on ice. It's now pushing hard on several projects, including improving the back-end support systems in HR and finance, to make up for lost time.

Guérard's plan starts with Transat's bank account: stabilize the organization in the near term and make sure it has enough money to make it through the next several months with a view to refinancing later on. The company had unrestricted cash and credit worth about $528 million at the end of January, after the Canadian government threw it a lifeline last year. It's talking with Ottawa on new funding to cover lost business during the latest pandemic wave and to provide more financial firepower as COVID-19 continues to unfold and geopolitical instability grows. The company's net cash burn in its first quarter was $27 million a month.

"Omicron reminded us that no matter how much we want to put on our rose-coloured glasses and say it's over, this isn't over," Guérard says. "So, there's that, combined with the uncertainty of the war in Ukraine. And we can't tell what's going to happen. There's too much uncertainty."'

The game plan also involves a big shift in Transat's business model and operations. And the key is using the best planes in the best way possible. The company used to have a 48-aircraft fleet made up of four different Airbus and Boeing models, and also rented planes on an ad hoc basis. Trying to balance its vastly different seasonal needs was difficult, and every six months the fleet changed. All of this generally meant higher costs, and it meant pilots would sometimes have to train to fly different types of aircraft from different manufacturers.

Moving forward, Transat plans to have a 36-jet, all-Airbus fleet with two models. Anchoring the lineup is the A321LR, a single-aisle jet with 199 seats and a maximum range of 7,400 kilometres. The A321LRs are more fuel-efficient and produce fewer emissions. They're also versatile. For years, Transat was a seasonal business: busy in the winter ferrying Canadians to sunnier climates, nearly dormant in the spring, active in the summer on cross-Canada and transatlantic routes, and then down again in the fall. Despite the yo-yo nature of operations, the company was staffed for peak seasons year-round, meaning it sometimes couldn't cover fixed costs.

Guérard wants to break out of that trap by offering more flights during the shoulder seasons and keeping the A321s in the air longer. While an Airbus A330 is done after one long-haul return trip a day, the A321LR can do two—both because of its range and its short turnaround time. Transat has begun offering red-eye flights south. It's now able to fly planes more during the week and less on weekends. It's not adding any new capacity unless it's profitable and will focus on proven routes where it has a strong market share. That means muscling in on routes to Europe in and out of fortress Montreal, as well as Ontario.

Geographical retrenchment within Canada won't come without a cost, though. And it means Transat will have to work doubly hard to forge partnerships with other airlines to bring passengers from other cities into its own route network. To that end, Guérard signed a code-share deal with WestJet for transatlantic travel last year and a similar pact with Porter Airlines this past March. It's also launching what the company bills as Canada's first web-based interlining service.

Such initiatives are particularly important because they're a way for Transat to attract more customers and widen its own 60-destination network by linking to the networks of its partners, offering clients more travel options. In typical code-share deals, each carrier can sell tickets under its own name for travel on a partner's flights. Passengers buy a single ticket and check their baggage just once. The interlining service, meanwhile, lets customers book flights pairing travel on Transat with those of four partner airlines—easyJet, Avianca, Pascan, and Vueling—so they can fly to more destinations.

"One thing that's certain is Transat can't continue on its own," Guérard says. That's why she's looking at striking additional partnerships, which could extend to more formal joint venture alliances like the pact between Delta, Virgin Atlantic and Air France-KLM. In a joint venture, there's an even higher degree of co-operation between the carriers and a revenue-sharing scheme designed with the good of the collective in mind. Transat is also "completely open" to formal proposals from another merger partner, Guérard says.

Analysts such as Kevin Chiang at CIBC have raised doubts about Transat's airline-centric strategy, saying it calls into question its positioning within the Canadian airline sector. But Guérard shrugs off suggestions that Transat is flying more squarely into the path of its rivals. "Air Canada has seen us as a competitor since the dawn of time. They're asking themselves why we still exist," she says.

Transat has survived because of the commitment of its employees, she says. It's a corporate culture that's close-knit and entrepreneurial. Even with a business model full of inefficiencies, the CEO says it found original ways of doing things to make money and carve out niche markets no one was serving, forging relationships in the process with Portuguese, Greek, Italian, and Haitian communities in Toronto and Montreal. Now, she says it's time to bury those inefficiencies for good.

But where Guérard sees creative strength, those on the outside say there's a limit to how far that can carry the company. There are some "crazy things happening" in the industry that will be a challenge in the months ahead, says John Gradek, a former Air Canada executive who now teaches aviation leadership at McGill University. WestJet's deal to take over Sunwing marks a new push into the airline business for Toronto-based investment firm Onex Corp., one which allows WestJet to tap Sunwing's experience in leisure travel. New carriers such as Flair and Lynx are starting up. The price of jet fuel is climbing fast. Meanwhile, Air Canada just announced that it has put in an order for 26 Airbus A321neo extra-long-range jets, the first of which should join its fleet in the first quarter of 2024.

Air Canada's move is a direct threat to Transat, Gradek says. A big reason why it initially wanted to buy its smaller rival was to absorb its narrow-body Airbus fleet and get its delivery slots for new planes at a time when pilots and planes were in tight supply. Now Air Canada is moving to obtain what are largely the same planes, and Gradek expects it to challenge Transat directly on secondary markets that have become its niche, such as Montreal-Toulouse and Montreal-Basel. Transat's okay until the new jets come online, Gradek says. After that, "they've got to pull another rabbit out of the hat."

Guérard says she's taking nothing for granted. She recently obtained about 20 months' breathing room from Ottawa on a scheduled interest rate increase for its loan package. Now she's asking for another unspecified amount from Ottawa as an emergency backstop. There's no certainty she'll get it, but she's hopeful. Meanwhile, the cost-cutting and cash preservation efforts continue, including with suppliers. "For sure, we can't stretch that elastic forever," the CEO says. "I mean, in some cases, we've stretched it too strongly already."

History shows that there will likely be more surprises and false starts before Transat recovers. The company's trip sales were climbing nicely this past fall before Omicron hit. Almost overnight, bookings collapsed. At last count, they were ticking up again, hitting 87% of 2019 levels through the first 10 weeks of 2022. Transat is planning a summer at 91% of pre-pandemic capacity but providing no financial outlook for the months ahead. The company expects to employ about 10% fewer people than it did in 2019 when it gets back to pre-COVID-19 business volumes. It's working toward being cashflow positive again next year. "I'm 100% convinced we'll make it, and I don't think I'm being naive," Guérard says. "We know what we have to do."

Guérard says she's energized every morning by what Transat has established and what it can still become. She says she wants every employee to have that same feeling in their gut. "I love coming to work," she says. "I LOVE IT. I get up in the morning, Esti, j'ai hâte de venir."

Read Story (Subscription Required): https://www.theglobeandmail.com/business/rob-magazine/article-annick-guerard-has-a-plan-for-transats-survival-a-very-risky-one/

Finally Heading Back To The Office? It's Getting More Expensive To Do That

Organizations Are Under Pressure To Boost Wages And Supports, Experts Say

By Geoff Nixon, CBC News, April 25, 2022

https://www.cbc.ca/news/business/canada-workers-commuting-costs-inflation-1.6427865

Ten years ago, Nola Simon caught an unlucky break that gave her an extended preview of the future.

Back then, she was taking part in a pilot project at her workplace, which allowed participants to work from home some of the time.

A foot injury left her unable to drive for a bit, forcing her to do all of her work at home.

"I was actually the only person in the whole company that was working [at home] five days a week," said Simon, a consultant based in Keswick, Ontario, who works with businesses on hybrid and remote work matters.

Flexible work would later become the norm for Simon, as it has for millions of Canadians during the COVID-19 pandemic.

Yet, a growing number of workers are facing a shift in their workplace arrangements, as the lifting of pandemic restrictions permits their return to the office.

At the same time, they're dealing with the impact of inflation, which is making that return more expensive.

Experts say that employers should think carefully about what they can do to support their office-bound staff, if they want to hang on to their services in a job market that has a lot of people used to working more independently and seeking to keep up with the increasing cost of living.

"Organizations, more than ever, need these workers," said Sima Sajjadiani, an assistant professor in the organizational behaviour and human resources division at the University of British Columbia's Sauder School of Business.

"They should care about organizational commitment, they should care about retaining their top talent."

A Gradual Shift

In March, slightly more than one-fifth of Canadian workers reported doing most of their work from home, according to Statistics Canada's latest Labour Force Survey.

That number was closer to a quarter of workers as of January.

Eddy Ng, the Smith Professor of Equity and Inclusion in Business at Queen's University in Kingston, Ontario, said the migration back to the workplace appears to be "slower than what employers had hoped for."

He sees a number of reasons for that, including concerns about the enduring pandemic, as well as family challenges that are more complex to deal with when working outside the home.

There's also the fact that many workers are satisfied to stick to the pandemic-era status quo.

"People are simply not eager to return to a routine that requires more effort to get to work," Ng said via email.

There are those, however, who aren't opposed to a change of scenery and a life involving a commute.

Edmonton's Ed Jay has been back at the office since last September, after a year and a half of working from home.

The IT manager said he was glad to make the switch.

"There was no separation between work and home," Jay said.

Higher Commuting Costs

For Jay, driving to work is costing more than it used to, but the increase in gas prices is manageable so far.

"It's not been outrageous," said Jay, who spends a half hour driving to work each day.

Prior to the pandemic, Aimée Terrio of Hammonds Plains, Nova Scotia, used to spend twice that amount of time commuting both to and from Halifax.

But that was when gas cost a lot less and she wasn't paying $90 to fill up her Subaru Crosstrek, which was the case during a recent trip to the pumps.

Terrio said she had been concerned about what it would cost to return to work, but a change in employment has meant that she'll be doing less commuting than she used to. So she now spends $20 a week to take transit on the days that she goes into the office.

"I was able to find a new job within my organization that has allowed me to work from home more days than what I had anticipated," Terrio, who now works as a training co-ordinator, said via email.

Back in Ontario, Nola Simon may be doing her consulting work from home, but that doesn't mean her household is shielded from the higher costs of going to work.

That's because her husband is a contractor who has to drive to jobs.

Simon said she believes this broader impact of inflation on households is being missed in the conversation about the shift back to the workplace.

"It's not just the individual who happens to work for the company who's returning to [the] office," she said.

"Employers have to consider that there's an impact to the household budget, and employees are going to make decisions about what's actually going to work best for the whole family."

Queen's University's Eddy Ng said employers are under pressure to help employees address these concerns.

That includes demands for support for "daycare, transport or shuttle services, meals, added 'cost of working' compensation," he said, in addition to ensuring that workers have a safe workplace to return to.

Keeping Workers Happy

In Canada's most populous province, the view from the top of the Labour Ministry is that organizations need to do more to ensure their employees are satisfied with their working arrangements and compensation.

"To attract the best workers, businesses need to be prepared to offer bigger salaries and consider perks (like working from home) to retain them," Ontario Labour Minister Monte McNaughton told CBC News in an emailed statement.

Ahead of an election in June, the incumbent Progressive Conservative government in Ontario has been highlighting efforts to improve conditions for workers.

UBC's Sima Sajjadiani said it's clear that many businesses are in a position to pay their workers more — and it is in their interest to do so.

"They can increase the compensation, and in return they are going to save the cost of replacing people who are leaving," she said.

"They will improve the well-being of their employees; they will improve their organizational commitment and all the benefits that come with [that]."

'The Great Resignation': High Burnout Rates Driving Women Away From Employers, Study Shows

By Irelyne Lavery, Global News, April 28, 2022

https://globalnews.ca/news/8795661/burnout-rates-women-workplace-resignation-study-deloitte/

As working women face alarming rates of burnout, the stress is driving many away from their employers, a new report from Deloitte has revealed.

"The number of women reporting increased stress and burnout is of significant concern, and employers are struggling to address it as seen by the fact that burnout is the top driver for those women currently looking for new employment," said Emma Codd, Deloitte Global Inclusion Leader.

The report, which surveyed 5,000 women across 10 countries, found that nearly half of them feel burnt out.

While 53 per cent said their stress levels increased from a year ago, nearly 40 per cent are actively looking for a new employer, with burnout being the main reason why.

Only 10 per cent of women surveyed plan to stay with their current employer for more than five years, according to the research conducted between November 2021 and February 2022.

As some women make a return to the office, almost 60 per cent working in a hybrid model have reported they have already felt excluded.

Women who have taken on the hybrid approach are more likely to report experiencing micro-aggressions compared to those who work exclusively at home, and even those who work exclusively on site.

Half of respondents said they have experienced micro-aggressions and 14 per cent said they have experienced harassment.

However, when it comes to reporting those incidents, 93 per cent of women believe it would negatively impact their career.

Women of colour, members of the LGBTQ2 community, and those in lower management roles disproportionately experience these behaviours, the study said.

"Despite the fact that many employers have implemented new ways of working designed to improve flexibility, our research shows that the new arrangements run the risk of excluding the very people who could most benefit from them," said Codd.

"The findings of this research show the importance of actions beyond policy — those that truly address and embed well-being, flexibility, and a respectful and inclusive everyday culture."

OTHER CAFII MEMBER-RELEVANT INDUSTRY/BUSINESS/SOCIETAL NEWS

Almost Ready To Retire? Canada Needs You To Stick Around

With The Slow Train Of Aging Coming At Us, A Solid Combination Of Incentives, Flexibility, Technology And Workplace Culture Could Be A Persuasive Formula To Offset The Pressure, Heather Scoffield Writes.

By Heather Scoffield, Toronto Star, April 27, 2022

We didn't really need the census to tell us that a rapidly aging workforce is a challenge.

The 2021 survey of Canada's population released on Wednesday, April 27 shows us in stark terms that never before has our workforce been so old, and that dynamic is picking up steam.

Statistics Canada says 22 per cent of us are between the ages of 55 and 64, on the cusp of retirement — the highest proportion ever. For every 100 people in that age group, there were just 81 people aged 15 to 24, gearing up to take their places in the workforce.

Through immigration, Canada has managed to slow the aging of its workforce more than many other countries, but that won't last, Statistics Canada says. Nothing can stop us from getting older en masse.

This is not a surprise. The thing about aging is that you can predict it a generation in advance and presumably figure out what to do about it.

But we haven't really done much, and now we're in a situation where there are more than 800,000 job vacancies, employers are pulling their hair out trying to find enough people to do the work, and every rumour of a retirement is a crisis.

That's not just because the silver-haired set is playing hard to get. Canada has been grappling with tight labour markets and skills shortages for years. And the pandemic has thrown the world of work into an upheaval, with waves of unemployment, increased caregiving needs, widespread sickness, surging customer demand, pervasive inflation, and fear of contagion all churning through our economy at once.

Layer on top of that the slow train of aging and escalating retirements, and navigating the job market becomes all the more difficult.

"We need everybody in, and we need everybody in for longer," says Leah Nord, senior director of workforce strategies and inclusive growth at the Canadian Chamber of Commerce.

There's a silver lining here though, and it lies in the pandemic experience with work.

COVID-19 exposed many things about the Canadian economy, but in the context of labour shortages, it revealed how important flexibility is.

We worked from home, we switched around our hours to accommodate children, we bought and digested new technology so we could work remotely. And even after the largest cuts to employment in Canada's history when the economy was shut down for COVID-19, we found ways to rebound, repeatedly.

During the pandemic, employers facilitated their workers' demands for flexibility because they often had no other choice. What's clear now is that we're not going back. While many employers are urging their staff to return to the office, stories of pushback abound and employers are modifying their demands, allowing for hybrids and partial returns while accommodating work from home where it makes sense.

That kind of flexibility will stand us in good stead as the workforce ages, says Nord. If employers want to stall retirements, hybrid work arrangements are an important tool for retention and recruitment alike.

The pandemic also pushed us to better appreciate a more diverse workforce. Many of us were shocked into realizing that the front-line workers who took care of us and who all too often were hit first and hard by COVID-19 were disproportionately racialized, low-income, and often women.

To be sure, there's been no revolution in those conditions. But there has been a growing awareness that "essential workers" is a big category that needs to draw actively from every corner of society.

If that kind of attitude toward diversity can be expanded to confront the ageism that runs through our workplaces and hiring practices, we'd all be much further ahead in dealing with the ageing of the workforce, says Nord.

The pandemic also underlined how much technology can be our ally.

Before the pandemic, chatter about robots making our jobs obsolete was not uncommon. But the pandemic forced many companies and workers to seek out and learn how to use technology that would connect us better, enable more flexibility, ensure more efficient workflows, and improve the quality of our lives.

And now, with corporate profits flying high and labour running short, there's no excuse for not investing in a lot more equipment that will improve each worker's ability to produce. For an ageing workforce, the right technology — along with the right training — could well extend the working life of many an employee on the cusp of retirement.

However, that's not our history, points out Mikal Skuterud, a labour economist at the University of Waterloo. Canada's economy is world famous for its lethargic investment per worker, and the tepid long-term pace of economic growth that flows from that under-investment.

Government policy is important in the mix, too, and it can cut both ways, Skuterud points out. There are many programs to enhance skills and training, draw new people into the workforce, and keep them working well past the age of 65 if they're up for it.

But then there was the decision to reduce the age of eligibility for Old Age Security and the Guaranteed Income Supplement back to 65, and the recent budget that added more money to both of those benefits. Both encourage retirement, and Prime Minister Justin Trudeau was quick to point out on Wednesday, April 27 that he's all for it.

There's no way an ambitious politician is going to tell workers that they need to work longer if they've been planning for retirement from the day they started working.

But with the slow train of ageing coming at us, a solid combination of incentives, flexibility, technology, and workplace culture could be a persuasive formula to offset the pressure.

And, to state the obvious: better pay helps, too.

Read Story (Subscription Required): https://www.thestar.com/politics/political-opinion/2022/04/27/almost-ready-to-retire-canada-needs-you-to-stick-around.html?li_source=LI&li_medium=thestar_politics

---

First Stage Of Competition Act Amendments Released: Canada Joins The Global Chorus With Harsher Antitrust Penalties, Stricter Conduct Rules

By Kevin Ackhurst, Michael Kilby, and Michael Laskey, Stikeman Elliott, April 27, 2022

https://www.stikeman.com/en-CA/KH/The-Competitor/first-stage-of-competition-act-amendments-released-canada-joins-the-global-chorus

Earlier this year, the Minister of Innovation, Science and Industry announced that amendments to the Competition Act would come in two stages. The first round of changes were revealed in the Budget Implementation Act (the "BIA") on April 26, and once passed will have a significant impact on businesses operating in Canada. Agreements to fix wages or restrict hiring will now be criminal, and any criminal agreements will be subject to unlimited monetary fines. Abuse of dominance actions, currently the exclusive purview of the Commissioner of Competition, will now be available to private parties, with significantly higher potential penalties. We provide the highlights and assess the preliminary impact below.

Canada's Commissioner of Competition, Matthew Boswell, delivered a passionate call to arms speech last fall outlining a number of areas where he thought the Competition Act could be improved and strengthened. In doing so, his "get tough" message was consistent with the approaches being taken in the United States and Europe. The Government of Canada increased funding for the Competition Bureau in last year's federal budget; this year's budget delivers the largest suite of changes to our competition laws since 2009.

No Poach Agreements Criminalised

Currently, the Competition Act's criminal cartel provisions prohibit agreements among competitors to fix prices, allocate markets, or restrict output for the supply of a product or service, with violations subject to maximum fines of $25 million and/or up to 14 years imprisonment. Agreements among competitors relating to any other conduct, which result in a substantial lessening or prevention of competition, are subject to sanction by the Competition Tribunal, including an order to prohibit the conduct. The Bureau confirmed last year that agreements among employers to fix wages or to restrict the hiring of employees (so called no poach agreements) are not covered by the criminal prohibition because such agreements deal with the purchase of labour, not its supply.

The BIA proposes amendments to the criminal provisions to explicitly capture agreements among employers to fix wages or restrict the hiring of employees. These amendments raise two questions: (i) there does not appear to be a requirement that the employers be competitors or likely competitors, which is the framework that applies in the rest of the criminal prohibition; and (ii) non-solicitation provisions are commonly found in agreements to purchase a business in order to protect the buyer from losing key employees. The Competition Act already provides for an ancillary restraints defence and the proposed reforms make clear that it will continue to apply to these new classes of agreements, but an explicit exemption (similar to Ontario's recently enacted ban on non-compete provisions) would be preferable to relying on a defence.

Significantly Increased Fines and Monetary Penalties

The Commissioner has complained in the past that the current fines and monetary penalties are too low to dissuade improper conduct, and that corporations regard these penalties as a "cost of doing business." The BIA will change the maximum fine for violating the cartel provisions from $25 million to an amount in the discretion of the court. For violations of the abuse of dominance and misleading advertising provisions, it's proposed that maximum fines increase to either three times the amount of the benefit derived by the conduct, or where that cannot be determined, up to 3% of the company's global revenues.

Private Actions and Clarified Scope for Abuse of Dominance

Unlike in the United States, private plaintiffs in Canada cannot bring an action alleging that a company has engaged in abuse of dominance. Only the Commissioner of Competition can commence such an action, and to date enforcement of the abuse of dominance provisions has been rare. The BIA proposes amendments that will allow private parties, with leave of the Competition Tribunal, to commence their own abuse of dominance actions. As noted above, the potential penalties for engaging in abuse will also increase, but importantly in a private action any monetary payment will continue to be made to the government. The proposed amendments also codify a definition of abuse that has existed in the caselaw: "any act intended to have a predatory, exclusionary or disciplinary negative effect on a competitor, or to have an adverse effect on competition."

200-411 Richmond Street E, Toronto, ON M5A 3S5
☎ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

Drip Pricing Added to Misleading Advertising Provisions

The Commissioner has commenced – but settled – a number of high profile actions against companies alleging violations of the misleading advertising provisions for practices known as “drip pricing,” where an in initial price is advertised but additional non-optional fees are included in the final price, making that initial price unobtainable. The BIA proposes to include an explicit definition of drip pricing and make clear that it constitutes misleading advertising. As noted above, violations of this provision will now attract significantly enhanced penalties.

Digital Friendly Factors When Assessing Impact on Competition

A number of provisions in the Competition Act require a finding that competition has been substantially lessened or prevented, including mergers, abuse of dominance, and non-criminal agreements among competitors. The Act sets out criteria for the Competition Tribunal to consider when making this finding. The BIA proposes to include several additional criteria that are particularly important when assessing competition in digital markets: (i) the effect on barriers to entry in the market, including network effects; (ii) the effect on price or non-price competition, including quality, choice, or consumer privacy; and (iii) the nature and extent of change and innovation in a relevant market.

Clarifications To Merger Provisions

The Act currently specifies the types of transactions that are captured by the merger notification obligations, and if a transaction’s structure is not among them, no merger notification must be filed. Both the Minister and the Commissioner have complained that this amounts to companies using “loopholes” to avoid the merger notification regime in the Competition Act, which overlooks the fact that the Bureau may still have the substantive authority to review the transaction. To address this, the BIA proposes to add an anti-avoidance provision intended to capture transactions designed to avoid application of the merger notification provisions. The BIA also clarifies some questions related to the computation of time for waiting periods and imposes a statutory 5 pm ET deadline for a filing to be counted as received on that date.

Next Steps

The last major amendments to the Competition Act were also passed through a budget Bill. If history is any guide, the competition-related provisions of the BIA (which account for only ten of 443 pages) will receive limited scrutiny when reviewed by the House and Senate finance committees, as the bulk of the Bill is related to the various spending and related measures associated with the federal government’s annual budget. It is unfortunate that amendments of this magnitude will likely be passed with very little scrutiny. It is expected that additional amendments will be forthcoming in a second round, with the expectation that they will be debated extensively. These are likely to include the role of efficiencies in merger review and the role that non-economic factors should play in the Competition Act as a whole.

Oil And Gas Will Be Around A Lot Longer Than Some Think, Despite Climate Change Goals: RBC

Energy Security Is A Growing Priority Around The World After Russian Invasion Of Ukraine

By Kyle Bakx, CBC News, April 26, 2022

https://www.cbc.ca/news/business/bakx-rbc-climate-bargain-oilpatch-energy-1.6430599

Global ambitions to tackle climate change are being confronted by rising concerns about energy security, according to a new report by RBC, which is why oil and natural gas are going to be used for quite a while.

The Russian invasion of Ukraine has sent energy prices soaring, as there are supply concerns for many commodities such as oil, natural gas, and coal. As many countries grapple with energy security and affordability issues, there is less emphasis on climate change.

That's why the authors of the report say countries such as Canada now have to figure out how to produce more oil and gas in the short-term, all the while trying to meet climate goals.

"Short of major additional action, oil and gas will likely remain critical and contentious energy sources for longer than some think," the report notes.

In the last few months, there has been a renewed push by countries such as Canada and the United States for more oil and natural gas production. At the same time, some countries in Europe are investing in liquefied natural gas terminals to import more natural gas and also looking at coal and oil-fired electricity to reduce reliance on Russian gas.

Global demand for oil keeps rising and is expected to increase for several more years, according to the International Energy Agency.

The RBC report highlights how many governments around the world are also offering subsidies to offset high gasoline and power prices, including "usual climate leaders" such as Germany, California, and British Columbia.

Climate change is still a priority, said RBC economist Colin Guldimann, but there isn't as much momentum as compared to six months ago after the UN climate conference.

"Many will admit that things have changed markedly, especially in the energy space, in the last couple of months," he said in an interview.

Canada must now thread the needle of meeting climate goals while also meeting energy needs.

Even after oil demand peaks, Guldimann said "the pace of that decline, and the steepness of how quickly that decline happens, is fundamentally uncertain."

Investments in clean energy are happening, but instead of replacing fossil fuels, much of that energy is offset by rising consumption around the world as the population grows.

"We think energy demand is set to surge over the next couple of decades and how we meet those energy needs is really the critical question today," he said.

"I think countries are going to struggle to switch their energy systems over to ones that are non-emitting extremely quickly. Green infrastructure takes time to build, and technologies that can replace oil are still sort of coming to the fore."

The RBC report calls for more ambition to curb emissions, not only from the oil patch, but other sectors too such as building retrofits, zero-emission vehicle subsidies, and more transmission lines to move clean power around the country.

On Monday, April 25, credit rating agency Moody's said it expects oil producers to generate record profits and free cash flow this year — and oil prices could remain high for the next 12 to 18 months.

Oil prices dropped by more than five per cent at one point on Monday, April 25 as lockdowns in China are dampening economic activity. As commodity prices fluctuate so wildly, some oil companies could delay production increases.

"I wouldn't be surprised to see if a lot of these companies say 'You know what, let's defer this decision where we have to expand our spending," said Jeremy McCrea, an analyst with Raymond James, "which ultimately will keep oil and gas prices higher, longer."

Are Canada’s Largest Pensions Putting Your Retirement At Risk? A Growing Chorus Of Experts Say They Are

As More Canadians Retire, Pressure Is Mounting On Our Largest Public Sector Pensions To Take On More Risk To Beat The Market. Billions Have Been Poured Into Leveraged Alternative Investments, Such As Airports And Toll Roads. But Just How Safe Is That?

By Christine Bobby, Toronto Star, April 28, 2022

An opulent new neighbourhood has emerged over the past decade on the west side of midtown Manhattan, where angular glass office towers, condos, and a luxury mall now perch above an old rail yard.

Anchored by an Instagram-baiting steel and concrete sculpture known as the Vessel, with winding, jagged staircases visitors can climb up for a view (you can take an elevator if you’re tired), the $25-billion (U.S.) Hudson Yards development was dreamed up after the financial crisis and meant to lure marquee tenants from the business, media, and tech worlds to New York City.

It may surprise you to learn that this international spectacle was backed, in part, by a Canadian pension fund. Oxford Properties, the real estate arm of the Ontario Municipal Employees Retirement System (OMERS), one of the province's largest funds, is a key joint-venture partner for the glitzy development.

But these days, that's not at all unusual.

Canada's largest public-sector pension funds have become global financial players and they routinely spend billions on such ventures around the world. The Economist dubbed them the Maple Revolutionaries in 2012 while Fortune magazine informed readers three years later, "These Canadians Own Your Town."

The so-called "Maple Eight" pension funds (topped by the investing arm of the Canada Pension Plan) now hold a dizzying array of investments in businesses that range from a Chilean power transmission company to the London City Airport, lab services company LifeLabs, a major logistics park in the United Kingdom, and the Confederation Bridge linking New Brunswick and Prince Edward Island.

It's an exciting new way to invest and, so far, it has been wildly successful.

Thirty years ago, Canada's biggest public sector pension funds and investment managers either didn't exist or invested in little more than government bonds. Since then, despite an era of persistently low interest rates, the big eight have parlayed their diversified and active investing approach into impressive market-beating annualized 10-year returns that range between eight and 11 per cent.

There's just one problem: As any seasoned investor knows, higher than average returns always come with higher than average risk. And a major part of the strategy of the big eight funds is based on buying alternative assets, pursuing complex investing and risk-hedging strategies, and using debt leverage to finance deals.

Those tactics have worked well in recent years, when markets have been steadily trending up and borrowed money has been dirt cheap. But the market may be turning, and while using debt to leverage larger and larger investments juices returns — it can also amplify losses if investments go sour.

That becomes especially worrisome when leveraged money is used to buy into airports, highways, power plants, office buildings, and other exotic investments that can't be easily unloaded when things go bad. Especially when many of those investments are overseas, in places such as China.

How risky is it? It's hard to say. Mainly because such an investing approach has not yet had to weather an era of steadily rising rates, or a devastating market downturn that lasts for years.

Malcolm Hamilton, for one, has been warning for close to a decade that the big public sector plans are able to consistently deliver enviable pensions to members, in part because of the "completely invisible" risks inherent in the model.

"We've now gone 13 years since we had a really bad investment year. Taking a lot of risk during this period was hugely profitable," says Hamilton, a senior fellow at the C.D. Howe Institute and retired pension actuary who spent more than 30 years at Mercer Canada advising public and private sector pensions.

But how long will this run last?

He admits it would take a bad decade, not just a bad year, to really rock any of the major pension funds. But while we haven't seen such a period since the 1970s, eventually, inevitably, we will have a bad decade.

"When the bad years come, they're going to take a beating."

Many argue that the pension funds first fell in love with real estate and other hard assets back in the 1990s, when the Ontario Teachers' Pension Plan went shopping at the mall — and bought it.

Teachers' took a major stake in Cadillac Fairview, owner of Toronto's Eaton Centre and other malls, in 1995, and by 2000 it bought the commercial property company outright, becoming the owner of the Eaton Centre and Toronto-Dominion Centre, among dozens of other big-name malls and office towers that now include the Deloitte Tower in Montreal, Maple Leaf Square in downtown Toronto, and White City Place in London, England.

This real estate bet came within years of Teachers' evolution to becoming an arm's-length institution from the provincial government. Its leaders — professional investment managers — would become the pioneers of a whole new approach to investing retirement savings in Canada.

Real estate was a crucial pillar of that. Reliable rent revenue that increases with inflation is seen as an ideal counterpoint to the benefits the funds must pay to their pensioners.

Before that time, most pensions operated on a pay-as-you-go approach, where employers and current workers made contributions that paid for the retirement benefits of current pensioners and so on. Any extra money on hand was typically invested in government bonds.

That worked well in times of steady economic growth and an expanding population, but when those trends slowed in the 1970s and 1980s, concerns about shortfalls, slashed benefits, and higher contributions mounted.

Beginning largely in the 1990s, federal and provincial governments changed the rules around public sector pension plans, letting them invest in the broader market and eventually even scrapping limits on investments outside of Canada.

"People forget we were created because the Canada Pension Plan was going bankrupt," says Michel Leduc, senior managing director and global head of public affairs and communications at CPP Investments. "So there were a number of reforms and one of them was to expose the fund to capital markets."

(Out of the big eight funds — CPP, the Caisse de dépôt et placement du Québec, Ontario Teachers' Pension Plan, Public Sector Pension Investment Board, B.C. Investment Management Corporation, Alberta Investment Management Corporation, OMERS, and Healthcare of Ontario Pension Plan — CPP was the only one that agreed to an interview for this story, while the others provided written comments.)

In 1993, according to Statistics Canada, Canadian public sector pension plans (the data doesn't include CPP) had assets worth a combined $161 billion, and 58 per cent of that money was in ultra-safe, fixed-income investments such as bonds, mortgages, and guaranteed investment certificates.

By the end of 2020, however, the public sector plans had $1.6 trillion invested in assets and fixed income accounted for just 32 per cent of that, down by almost half since the early 1990s.

To be sure, the big eight still invest in public stocks — as of March 2021, for example, CPP owned $1.4-billion worth of shares in Facebook and almost $2.8 billion in Chinese e-commerce giant Alibaba — but the area of growth has definitely been alternative investments in buildings, property, infrastructure, and private companies.

With private assets that don't trade on public markets — a piece of land in Asia, a pipeline in Alberta, or an office tower in Australia — the funds rely on periodic appraisals to determine their value. Those values are not verifiable by outsiders and can suggest a stability which the investments may not actually possess.

Alexander Dyck, professor of finance at University of Toronto's Rotman School of Management and board member for Rotman's International Centre for Pension Management, says he's concerned about how difficult it is to value such investments over the short term.

A pension fund could invest in a bridge or power dam, but "we'll only be able to find out in 20 years whether it was a good investment or not," he says. "There has been appetite at places like CPP to invest in assets for a longer period of time."

"I'm going to tell you that makes me nervous because I think it's a lot harder to provide accountability that people aren't just investing for the fun of it."

For the investment managers working at the funds, Dyck says, it can be "more fun to do things actively than passively."

"You get to meet everyone around the world, you're a player in every single investment," he says, adding, "I'm worried there could be an over-investment in doing these things when the returns don't merit the costs."

Making big bets on interesting assets around the world is undoubtedly fun. But it's also getting expensive.

When CPP began its active investing approach in earnest in 2006, it had 164 employees. Last year, it had almost 2,000 working in nine offices around the world.

200-411 Richmond Street E, Toronto, ON M5A 3S5
(416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

Expenses have climbed to $4.4 billion in fiscal 2021 from less than a billion dollars a decade ago.

"We're fighting — for assets, for partners, for talent, for favourable policy decisions around the world — with hundreds of big plans, and some of them are trillion-dollar behemoths," Leduc says, explaining the rationale for CPP's spending.

The fund spends 98 cents on expenses for every $100 in net investments it manages. And while CPP has the highest ratio of costs to investments, the rest of the big eight pension funds and asset managers have also added to their staff and expenses over the years.

In responses to the Star, the funds emphasize that — on top of the value for pension plan members from benchmark-beating returns over the years — they save money by using internal investment managers for the majority of their assets.

The funds also say they have different business models, and most told the Star they object to direct comparisons on their returns and expenses.

In other words, they say, it may be pricey to invest like one of Canada's big pension funds, but so far at least, even after factoring in the higher cost, it has paid off.

Sebastien Betermier, associate professor of finance at McGill University's Desautels Faculty of Management, says his research shows that Canadian pension funds got better returns than their international peers from 2004 to 2018, after taking costs into account.

When they do turn to outside advisers, which come with expensive performance fees, it's like a well-earned splurge, he says: "The Canadian funds are cooking at home a lot with good ingredients and then they can afford to go to a high-end restaurant."

"I think it's fair to ask about cost," says Leduc, but he argues that conversation should come with a solid understanding of what goes into those expenses and how they support the fund's goals.

Part of the problem is the unrelenting demand for higher and higher returns as more Canadians retire, leaving fewer working contributors to support them.

When it comes to the majority of the money CPP manages, benefits owed to retirees are starting to outstrip contributions, so the fund has set an increasingly aggressive benchmark to evaluate its performance.

Its reference portfolio — approved by its board — now includes an eye-popping weighting of 85 per cent in global equities and 15 per cent in government bonds. That's up from 65 per cent in a mix of global and Canadian equities in 2015.

The other large funds have different business models and through statements of investing policies or benchmark portfolios they generally call for less risk than the CPP (none state their risk appetites quite as clearly as CPP), they still tend to take more risk than the classic 60/40 split between equities and fixed income.

200-411 Richmond Street E, Toronto, ON M5A 3S5
(416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

The three Ontario funds (OMERS, HOOPP and Ontario Teachers') manage defined-benefit pensions and must invest according to the specific needs of their members — largely an aging demographic — and funding status of their plans.

The Caisse, PSP, BCI and AIMCo invest money on behalf of multiple different clients — pensions, insurance plans, government funds and more — and all have different mandates and risk profiles that can depend on the client.

Even CPP doesn't invest 85 per cent of its money in public stocks — in fact, more than half of its investments are in private markets around the world — but the mandate means it invests in assets with a similar risk profile.

Leduc says some of CPP's assets straddle the characteristics of equities and fixed income, pointing to the example of a toll road, which offers a steady income stream resistant to interest rate fluctuations. (For a local example of such an asset, CPP is a major investor in the tolled Highway 407 ETR.)

But the risk of investing in a toll road is that a lot of things — including rising interest rates and new government policies or regulations — can impact what it's worth.

Now that central banks, including the Bank of Canada, are raising interest rates and paring back other monetary stimulus, Philip Cross says alternative assets like the toll road could be hit.

"We'll see what happens to those asset prices as we start to normalize," says Cross, former chief economic analyst at Statistics Canada who has written about the cost of the pension funds for the Fraser Institute and co-authored a paper on risk with the C.D. Howe Institute's Hamilton.

He's not convinced the pension funds have cracked the code for how to beat the market in the long run, noting that such an accomplishment is basically the Holy Grail of the investing world.

"I don't think this country … questions this industry enough about what is going on," he says. "The one thing we're sure of is you people (at the funds) are making a lot of money on this."

One big question some influential organizations have been quietly asking is this: What would happen to the pension funds if markets took a drastic turn for the worse?

Because they've been quietly successful and don't invite a lot of scrutiny, Canada's big pension funds don't get a lot of bad press. That's why it was notable when, in a 2016 publication, the Bank of Canada pointed to the potential for trouble.

In a few lines — and in language as dry as you'd expect from the country's central bank — the paper noted that the funds were bulking up on "more illiquid assets, combined with the greater use of short-term leverage."

"If not properly managed," it said, "these trends may lead in the future to a vulnerability that could create challenges in a severely stressed financial environment."

Three years later, in a report on the stability of Canada's financial system, the International Monetary Fund pointed to "rising risk-taking" by the country's pension funds, noting the increased use of complex financial strategies, increased leverage, and exposure to illiquid asset classes, among other concerns.

"In the event of market stress, rising liquidity and valuation risks could magnify losses and market volatility," the IMF report said.

Here in Ontario, the Financial Services Regulatory Authority of Ontario (FSRA), which regulates employer-sponsored pension plans registered in the province, has also flagged the issue.

The FSRA said in a report last year that it is monitoring risk-management practices related to alternative assets, noting that while such investments are attractive for their potential returns, they "come with complexities that introduce additional risks to plans."

And in fact, the recent market turmoil of March 2020, the first month of the pandemic, put significant pressure on the big eight funds to suddenly increase liquidity, according to another Bank of Canada report.

It found the funds were generally able to meet increased demands for cash by borrowing against equities, using other short-term borrowing strategies and selling bankers' acceptances (securities based on short-term bank loans taken out by businesses).

But what if that difficult month had become a sustained financial downturn that spanned years or even a decade?

Asked about that scenario, the funds all told the Star they have prepared for market stress by diversifying their investments across the world and in different asset classes.

The Caisse also says it limits the use of leverage to no more than 10 per cent of investment value, while OMERS says it deploys leverage "prudently" to improve investment returns.

"Active management becomes even more important," when it comes to the prospect of an extended downturn, says CPP's Leduc, adding that the fund runs hundreds of scenarios as part of a stress-testing approach to evaluate potential risks.

"Are we completely immune to a very severe, long period of downturn? No, of course the fund would be impacted by that," he says. "However, we believe we would hold up much stronger than without active management and diversification."

Hamilton, who has written papers on the topic for both the C.D. Howe and Fraser Institutes, is not convinced.

"You can hide anything in a pension plan for a decade," he says, noting that periodic funding valuations and smoothed estimates of asset values could help pensions delay the disclosure of something disastrous for several years. "But at the end of the bad decade, they'd have to admit they lost just a ton of money."

200-411 Richmond Street E, Toronto, ON M5A 3S5
(416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

With half or more of their investments in private markets, many of the biggest funds have made a huge commitment to illiquid assets, Hamilton says. If those values plummet, if the assets can't be sold, or both, pension plan members would be hard-pressed to make up for a large shortfall just by upping their contributions.

That's in part because of the sheer size of the funds.

Take Ontario Teachers', for example. It's worth about $240 billion, and while members and their employers contributed $3.4 billion in 2021, the fund paid out $6.9 billion in benefits.

If it were faced with a very large loss on investments, the fund's sponsors (unions and employers) have three basic options they could use alone or in combination: increase member and employer contributions, slash benefits going forward for future retirees, or cut inflation indexing on some retirement benefits (the latter being a contingency policy the fund's sponsors introduced in 2008).

In its annual report, Teachers' says indexing alone can be a powerful "risk management tool." In a hypothetical extreme scenario where it was facing $104 billion in asset losses, Teachers' says that by 2031 it could absorb that shortfall entirely by cutting inflation indexing to 50 per cent on retirement benefits earned between 2010 to 2013 and permanently eliminating indexing on benefits earned after that time.

That step is unlikely to be used in isolation — the permanent loss of inflation-indexed retirement benefits would no doubt be a major blow to plan members — and Dan Madge, a Teachers' spokesperson, says that in practice, the fund's sponsors view the policy as much more likely to be used in a temporary fashion to address smaller funding shortfalls. (Madge also notes that Teachers' has been fully funded for nine consecutive years.)

Still, if some painful combination of benefit cuts and contribution hikes turns out not to be enough for any public sector plan facing a large investing loss, Hamilton says it could be taxpayers who are called on to bail out the funds (except for CPP, he says).

Which leads one to wonder: Is there another way? Could Canada's pension funds continue to stay solvent without resorting to short-term leverage and exotic investments?

In fact, there are other ways of approaching the management of vast sums of pension and public money, says Dyck, pointing to Norges Bank Investment Management, a Norwegian sovereign wealth and pension fund manager with about $1.8 trillion (Canadian) in assets.

The fund uses a largely passive investing approach (with low limits set for leverage on equities and fixed income), and in 2021 it reported a 10-year annualized return on investment of 9.65 per cent.

Just 2.5 per cent of its assets are in real estate, 0.1 per cent of the fund is invested in renewable infrastructure, and it has no private equity stakes. More than 70 per cent of its money is in equities with the balance in fixed income, and NBIM's costs are extremely low — its expense ratio in 2021 was just 4 cents per $100 invested.

"The question is," Dyck says, coming back to the Canadian approach, "by having more than 50 per cent in private markets … are they generating a risk-adjusted return that compensates for the additional risk that we're taking on?"

There's nothing inherently wrong with a riskier approach, he says — after all, the higher returns help keep contributions lower — but stakeholders don't always have a clear understanding of what could be at stake.

"There's a hidden risk," Dyck says. "There's an assumption that these returns are guaranteed, which of course, they're not."

Read Story (Subscription Required): https://www.thestar.com/business/2022/04/28/are-canadas-largest-pensions-putting-your-retirement-at-risk-a-growing-chorus-of-experts-say-they-are.html?li_source=LI&li_medium=thestar_recommended_for_you

---

RESEARCH/THOUGHT LEADERSHIP/TECHNOLOGY/DIGITIZATION NEWS

The 2021 Census Tells Us Canada's Population Isn't Aging - It's Aged. Here Are Six Ways We Can Adapt

Opinion by John Ibbitson, The Globe and Mail, April 27, 2022

The 2021 census reveals that more than four in 10 Canadians are now old or getting old, a trend that will accelerate over the next two decades and beyond. We are no longer an aging society. Our society is now aged. And we're not ready.

According to census data released on Wednesday, April 27 by Statistics Canada, 19 per cent of us are 65 or older. Twenty-two per cent are between the age of 55 and 64, the time when people are getting ready to retire.

In 2016, there were 96,000 more seniors (65 and older) than children (under 15). Only five years later, that gap has grown to more than a million. That's a demographic freight train.

Like most developed countries, Canada has a very low fertility rate: 1.4 children per woman, far below the replacement rate of 2.1 needed to keep a population stable. Immigration can help to compensate for that baby gap, and the societal aging that results from it, but it can't reverse it. We have to adapt.

How do we adapt? Here are six ways.

First, people over 65 should be encouraged to keep working. Governments and employers can increase incentives for staying on the job and deferring retirement income.

Second, governments should bolster existing retirement savings programs and offer new ones, such as long-term care insurance, so that today's workers are able to finance their own retirement without asking younger generations to do it for them.

Third, we need to talk honestly about how the boomer generation will end their lives. According to the census, the number of people over 85 will triple in the next three decades. They will need home care, long-term care, and palliative care. Where will the money come from?

The answer is obvious: from people who are still working and from the companies they work for. So fourth – and this is the big one – governments will need to ease their tax burden by cutting back on spending elsewhere.

That means spending less on child care, because there will be fewer children and more seniors available to babysit. The Liberal child care program helps keep women in the workforce, which is great, but the demographic pressure is at the other end.

It means spending less on education, because there will be fewer students. It means spending less on welfare and unemployment insurance; as labour shortages worsen, there will few good reasons not to be working.

It means spending less on services in rural areas, which are aging more rapidly than urban areas because of out-migration by the young. Unless a town or village can find a way to generate economic and population growth, then spending on health care or education or infrastructure is unproductive. People should be encouraged to move.

Rural decline everywhere isn't inevitable. The pandemic revealed the potential of working remotely. Smaller communities can benefit from the housing crisis in larger communities. In some rural areas, improving bandwidth and other investments might pay off. But governments need to be careful that they aren't throwing good money after bad.

There are going to have to be trade-offs. Spending on defence versus spending on health care. Spending on the environment versus spending on health care. Spending on anything versus spending on health care.

Fifth, immigration levels should be kept high, with an annual intake above 1 per cent of population or higher, and skewed heavily in favour of younger workers. International students, temporary foreign workers – anyone young and willing to fill a vacant job should be offered permanent residence. Family class immigration should be restricted to bringing in the people needed to keep economic class immigrants from returning home.

Sixth: Because those immigrants need somewhere to live, we need to increase the housing supply. The number of high-rise apartments grew faster than other forms of housing over the past five years. Since the census also shows strong population growth in city centres, this suggests densification efforts are working.

200-411 Richmond Street E, Toronto, ON M5A 3S5
☎ (416) 494-9224 🖷 (416) 967-6320
info@cafii.com www.cafii.com

Those efforts should continue, as should efforts to expand the stock of low-rise apartments and of suburban houses, many with granny flats. As our immigration intake increases, we will need more of everything.

Mostly, we should be honest with each other. We're old and getting older. Let's admit it and deal with it, now.

Read Story (Subscription Required): https://www.theglobeandmail.com/politics/article-canada-2021-census-statscanada-aging-society/?utm_medium=email&utm_source=Evening%20Update&utm_content=2022-4-27_17&utm_term=Evening%20Update:%202021%20census%20shows%20that%20a%20record-setting%20number%20of%20working-age%20Canadians%20are%20nearing%20retirement&utm_campaign=newsletter&cu_id=Ts6FwhWx6n2rSHC0x7MiReEeeFJOJkTb

---

Life Insurance Helps People Feel Safe: LIMRA Survey

By Allison Bell, ThinkAdvisor, April 25, 2022

https://www.thinkadvisor.com/2022/04/25/life-insurance-helps-people-feel-safe-survey/?kw=Life%20Insurance%20Helps%20People%20Feel%20Safe:%20Survey&utm_source=email&utm_medium=enl&utm_campaign=lifehealthdaily&utm_content=20220425&utm_term=tadv

What You Need to Know

- Only 47% of financial decision-makers without life insurance said they would be financially secure if the primary wage-earner died unexpectedly.
- About 78% of the financial decision-makers who have both individual and employment-based life insurance said they would be financially secure if a primary wage-earner died unexpectedly.
- Consumers who said they feel knowledgeable about life insurance were much more likely to say they had coverage.

Americans are nervous this year — and life insurance could be one part of the answer.

LIMRA and Life Happens are using new data, from their 12th annual Insurance Barometer Study, to make the case that owning life insurance increases consumer confidence, and that improved marketing will increase consumer life insurance ownership.

The groups asked U.S. consumers whether they would be financially secure if their family's primary wage-earner were to die unexpectedly.

Only 47% of the survey participants without any life insurance said they would be financially secure.

200-411 Richmond Street E, Toronto, ON M5A 3S5
(416) 494-9224 (416) 967-6320
info@cafii.com www.cafii.com

The share predicting they would be financially secure increased to 68% for survey participants with some kind of life insurance, and to 78% for participants with both individual life insurance and employment-related life insurance.

LIMRA and Life Happens also found a strong correlation between life insurance awareness and life ownership.

Just 17% of the survey participants who said they had little knowledge about life insurance reported having life insurance.

About 62% of the participants who described themselves as being very or extremely knowledgeable about life insurance said they had it.

What It Means

Financial and retirement advisors can help clients use permanent life insurance to accomplish many different complicated planning objectives, including efforts to minimize the impact of required minimum distributions and federal income taxes on the retirement plans of the affluent.

But this is also a time when COVID-19 and other events have increased stress among consumers.

The approach LIMRA and Life Happens is taking might be a sign that even financial services survey designers are now thinking of life insurance first as chicken soup for weary souls.

Faisa Stafford, Life Happens' CEO, said in a comment, included in a survey results announcement, that she believes the impact of the COVID-19 pandemic is still in many consumers' thoughts.

"Life insurance is the foundation of any strong financial plan, and our results show that it provides people with a sense of security that many are looking for, especially after the last two years," Stafford said.

UPCOMING WEBINARS AND EVENTS

Web Seminar: McMillan – Head In The Clouds: Understanding Cloud Agreements

Dates: Wednesday, May 11, 2022
Time: 1:00 p.m. – 2:00 p.m. EDT

The cloud has opened up several opportunities for service providers to expand their business offerings while keeping tighter controls over their technology and related assets. At the same time, customers have an opportunity to access technology and related services at a more manageable price point.

In this session, we will discuss some of the legal benefits and risks for both a service provider and a customer to move into the cloud by diving into some of the key provisions which you would expect to see in a cloud agreement and an analysis of the practical considerations which a business should keep in mind when considering offering or accessing cloud services.

Register Here

Web Seminar: Torys – Leveraging The Data Life Cycle: Data Strategies For Business Leaders

Dates: Thursday, May 12, 2022
Time: 9:00 a.m. – 10:00 a.m. EDT

Join Torys' data governance and strategy team for an important series on managing the data life cycle. The series will provide practical takeaways for the complete spectrum of data management for businesses, including board governance, crisis and breach management, data sharing and licensing, dispute resolution strategy, and more.

No matter how protected, no organization is immune from a cybersecurity or data breach. When a crisis hits, a tested crisis management plan for both management and the board of directors is critical to an effective response. In this session we look at recent U.S. and Canadian developments on director liability for cyber incidents, best practices for governance and communications strategy during a crisis.

Register Here

Web Seminar: Digital Insurance – Transforming Policyholder Behavior With Frictionless Experiences

Dates: Thursday, May 12, 2022
Time: 2:00 p.m. – 3:00 p.m. EDT

If you could encourage any behavior from your policyholders, what habits would you want them to adopt? Whether you're imagining consistently on-time premiums or stronger policyholder retention, believe it or not, your organization has the power to influence these behaviors and more.

Join our live webinar, hosted by DigIn, to learn:

- How insurers can strategically eliminate friction and drive ideal policyholder behaviors
- What is the concept of "adding fuel" and why is it ineffective for driving business results?
- Which engagement points insurers should maximize to conserve staff time, impress policyholders, and more

Register Here

Web Seminar: INFONEX – Professional Regulation And Discipline

Dates: May 31 & June 1, 2022
Time: 10:00 a.m. – 5:00 p.m. EDT

Managing professional regulatory complaints has always been a difficult and strenuous process. Constant change in regulations, societal expectations and technology have made maintaining regulatory compliance all the more challenging. With this direct impact on your profession and reputation, can you afford to employ a suboptimal regulation and discipline process?

With a new agenda for 2022, get expert advice and case studies on:

- Approaching employees about difficult subjects including mental health and substance abuse
- Best practices and strategies for return-to-work programs
- Emerging practices in alternative dispute resolution and workplace restoration

Register Here