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CAFII ALERTS WEEKLY DIGEST: July 8 to July 15, 2022

July 15, 2022

The CAFII Alerts Weekly Digest is intended to provide a curated compendium of news articles, analyses, editorials, and opinion commentary on insurance, regulatory, business/industry/economic, and societal topics of relevance to CAFII Members – drawn from domestic and international industry trade press and mainstream media – to aid in Members' awareness of the spectrum of recently published media content in those areas. Inclusion of a news article, analysis piece, editorial, or opinion column in the Weekly Digest in no way implies CAFII's support or endorsement of the interpretations, analyses, views, and/or opinions therein.

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GOVERNMENT LEGISLATION AND STRATEGY NEWS

New Banking Rules Have Come Into Effect In Canada. These Are The Important Changes

By Pat Foran, CTV News, July 7, 2022

[New Canada banking rules in effect. What you need to know | CTV News]

New rules came into effect on June 30 to create stronger consumer protections when it comes to Canada's banking system, but some advocates said the new regulations don't go far enough.

"These rule changes are baby steps to improving things a little bit," said Duff Conacher, with Democracy Watch, a corporate responsibility advocacy group.

There are more than 60 changes to Canada's Bank Act, which includes things such as shorter wait times for resolving complaints, electronic alerts warning of low bank balances, and limits in place as to how much you're responsible for if your credit card is lost or stolen.

The rule changes have been 10 years in the making and even though the federal government adopted legislation to modernize the new rules in 2018, they only took affect three and a half years later on June 30, 2022.

Some of the new changes to help benefit Canada's 30 million banking customers include that a bank must deal with customer complaints within 56 days instead of 90 days.

Banks must limit liability on lost or stolen credit cards to $50 and warn customers if they go into overdraft or over their credit limit, which could incur added fees.

After complaints that banks were pitching expensive and unneeded products to their clients, they can now only sell products and services that are appropriate for their customers' needs.

Conacher said that banks had been selling products and services that would benefit their bottom line.

"Reports by whistle blowers revealed that banks were upselling, essentially selling consumers things they didn't need in order to make more money and that is going to be prohibited," said Conacher.

CTV News Toronto reached out to Canada's big banks and was directed to the Canadian Bankers Association (CBA).

A spokesperson for the CBA said in a statement that "Building and maintaining strong customer relationships is of fundamental importance for banks in Canada. Banks devote considerable time, effort, and resources to help ensure customers are provided products and services that are appropriate for them and which they have consented to receive."

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"Banks are committed to compliance with consumer protection measures and have well-established codes of conduct that articulate standards of employee behaviour, including expectations related to ethics, integrity, and sales practices. The Canadian Bankers Association and its members have long supported a strong federal regulatory framework for consumers."

While it is good news for bank customers that they can now only be held liable for $50 if their credit card is lost or stolen, Conacher said that banks can also say the client was negligent protecting their credit card information and find them responsible for any fraud that has occurred.

"The bank can say it's your fault and then you are on your own trying to go to court and do what you can to stop them from taking money out of your account to pay for the credit card charges that were made," said Conacher.

Under the new rules, banks will also have to create a whistleblower program that will allow their employees to come forward to expose problems that would otherwise go unreported.

REGULATOR/POLICY-MAKER NEWS

NAIC President Warns Of Excessive Regulation Impact

By Insurance ERM, June 3, 2022

At the annual Insurance Europe conference in Prague, National Association of Insurance Commissioners (NAIC) President Dean Cameron, director of the Idaho Insurance Department, was a panelist discussing "regulation on top of regulation," which looked at the current regulatory environment and its impact on the protection gap.

NAIC President Cameron said, "We have confusing archaic, duplicative words and regulations that almost compete at times. If we want our products, and our industry, to be more appropriately regulated, it's time to clean [the] house every once in a while." He went on to share that in Idaho, "We cut about 40% of rules and regulations. We did not change one drop of how we regulate the industry."

He added, "If we're looking at the use of technology and ways to attract younger people into the industry, we have to look at how we say things and make it so it's easier to follow and understand."

Petra Hielkema, chair of the European Insurance & Occupational Pensions Authority (EIOPA), cited the geographical differences in how insurers are regulated, saying, "It's difficult because in Europe it's not just one member state that is regulated, it's [done with] 27 and that in itself sometimes results in a lot more words to fit everything into language.

Hielkema added, "However, I must say with Solvency II, we took a step to one framework. I think we still need to look at the other framework, which I think is key here in the Insurance Distribution Directive (IDD)."

Read Story (Subscription Required): https://www.insuranceerm.com/news-comment/naic-president-warns-of-excessive-regulation-impact.html

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NEWS ABOUT CAFII MEMBERS AND/OR THEIR PARENT COMPANIES

BMO Bumps Up Minimum Wage Anew Amid Tight Labour Market

Big Six Bank Announces Second Wage Adjustment In Under A Year As Financial Institutions Compete For Workers

By Kevin Orland, Bloomberg, July 11, 2022

https://www.wealthprofessional.ca/business-news/bmo-bumps-up-minimum-wage-anew-amid-tight-labour-market/368117?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20220711&utm_campaign=WPCW-Breaking-20220711&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8

Bank of Montreal is raising the minimum wage for its US branch and contact center employees to $20 an hour, its second such pay bump in less than a year, as companies fight for workers in a tight labour market.

The increase from $18 an hour takes effect on August 7, the Toronto-based bank said in a statement on Monday, July 11. The boost applies to current full- and part-time workers as well as new hires.

Financial institutions are increasing pay for frontline workers to attract and retain staff as labour markets in Canada and the US hover near historically tight levels. US employers added more jobs in June than forecast, and the unemployment rate held near a five-year low.

In October, Bank of Montreal raised its US workers' minimum hourly base pay 20% to $18 an hour. The company also raised base pay for a majority of its workers -- including those affected by the latest increase -- by 3% in June.

Bank of Montreal "continues to monitor and will adjust compensation accordingly to align with the shifting banking market," it said in Monday, July 11's statement.

Canadian Imperial Bank of Commerce said last month that it was boosting its minimum wage and pledged to push it even higher in the next few years. The lender's minimum wage will rise to C$20 per hour in Canada and $20 in the US in July, and the bank committed to increasing those figures to C$25 and $25US respectively by the end of 2025.

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COVID-19 PANDEMIC RESILIENCE AND RECOVERY NEWS

Hard Market In Travel Insurance Taking Flight

By Alyssa DiSabatino, Canadian Underwriter, July 13, 2022

[Hard market in travel insurance taking flight (canadianunderwriter.ca)](canadianunderwriter.ca)

Business and leisure travel may have resumed post-pandemic, but massive flight delays and cancellations will result in a hard market for travel insurers and unprofitability for their overall credit profiles, according to new commentary by credit ratings agency DBRS Morningstar.

Even though airplane travel remains below pre-pandemic levels in 2019, staff shortages, strikes, and labour actions, increased operational requirements, baggage losses, and fleet reductions will see travel insurers operating at a combined ratio of more than 100%.

"With many airlines and airports around the world facing extremely high levels of flight cancellations and delays in recent months, we expect that the travel insurance industry will experience combined ratios over 100% due to the increase in insurance losses, making this business line unprofitable for most insurance companies in 2022," says Marcos Alvarez, senior vice president and global head of insurance at DBRS Morningstar, in a press release.

Travel insurance most often covers, among other things, trip cancellation, trip interruption, travel delay, baggage loss or damage, medical evacuation and repatriation, rental car collision damage, and legal expenses.

"Even if airlines manage to accommodate passengers with cancelled flights at a different time or fully refund the ticket cost, travel insurance policies are likely to be triggered," the DBRS commentary reads.

"In such cases, many policyholders will claim under their trip cancellation or trip interruption coverages any related non-refundable travel costs such as connecting flights with a different airline, as well as prepaid hotels and car rentals."

Canada's largest airline, Air Canada, announced that it would cancel more than 9,500 flights over July and August—accounting for approximately 15% of its scheduled flights — over the summer months.

The jump in claims and the collapse of global travel that insurers experienced amid the pandemic will "compound the problems" of the current, ongoing strain of flight delays and cancellations.

However, despite "substantial" travel insurance losses, the financial strength of insurance companies should remain manageable thanks to insurers' diverse portfolios, DBRS Morningstar predicts.

"Most travel insurance is underwritten by large insurance companies with solid product and geographic diversification, which mitigates the risk of failure due to abnormally high travel insurance losses in a given year," the commentary reads.

"For most of the largest travel insurance providers, travel insurance typically accounts for less than 5% of their total gross premiums written."

But given the expected losses, the hard market will lead to more expensive travel insurance in the short-term.

DBRS Morningstar also suggests that travel insurers could stop providing trip interruption and cancellation coverages, instead focusing on medical coverage, although "such a strategy will be only a temporary restriction as airline and airport performance improves over the upcoming months.

"However, some insurance companies could exit or substantially decrease their exposure to the travel insurance business, given the volatility in profitability since the beginning of the pandemic," the commentary reads.

Travel Insurers Could See Wild Losses In 2022 In Scramble To Cope With Airport Chaos

By Clare O'Hara, The Globe and Mail, July 15, 2022

Travel insurers will see a wild swing to losses in 2022 as flight delays, cancellations, and missing baggage continue to wreak havoc at airports around the world.

Air travel in Canada, the United States, Britain, and Europe has been hit by major disruptions in recent months amid staffing shortages, labour disputes, and increased operational requirements. Some airlines, such as Air Canada and WestJet, have cancelled thousands of flights this summer, leaving ticket holders scrambling for alternatives.

The turmoil has triggered a higher-than-usual number of travel insurance claims that will affect insurers' loss ratios around the world, said Marcos Alvarez, senior vice-president and global head of insurance at DBRS Morningstar.

"This will compound the problems already experienced by the travel insurance business since the beginning of the [COVID-19] pandemic, as insurance companies were initially hit by a jump in claims and then by the collapse of global travel, which considerably decreased the demand for this product," Mr. Alvarez said.

In 2021, the global travel insurance market's gross premiums reached about US$17.6-billion, after a significant drop in 2020 because of the initial impact of COVID-19. And while total travel insurance premiums will likely grow over the next decade, insurers will most likely pay out more in claims this year than what they receive in premiums, making the travel insurance line for most providers unprofitable.

Mr. Alvarez estimates that travel insurers will pay $1.20 to $1.30 in claims for every $1 earned in premiums. Prior to the pandemic, he said, studies showed global insurers would typically pay out about 85 cents in claims, commissions, and expenses for each dollar they received in premiums. (Travel insurers pay out higher average commissions to distributors than other non-life insurance products.)

In Canada, major insurers that offer travel products include Manulife Financial Corp., TD insurance, TuGo travel insurance, and Allianz Global Assistance Canada.

Travel insurance typically provides policyholders with a partial or full refund for certain expenses or losses incurred during domestic or international travel, such as trip cancellations and delays, loss of luggage, and emergency medical services.

Even in situations in which airlines can accommodate passengers on cancelled flights by offering a different flight or fully refunding the ticket price, policyholders look to recoup other costs under trip cancellation or trip interruption plans. These can include expenses associated with connecting flights on a different airline, prepaid hotels, tour company charges, and car rentals. Flight and baggage delays can also quality for compensation under certain policies, including payments for essential clothing and toiletries.

But now, with insurers' losses for such claims mounting, the premiums for travel insurance products are expected to increase in the short term, according to a recent DBRS report. As well, analysts predict some insurers may stop providing trip interruption and cancellation coverage for a certain period, while others may decide to exit or decrease their exposure to the travel insurance business altogether.

"We believe that such a strategy will only be a temporary restriction as airline and airport performance improves over the coming months," Mr. Alvarez said.

In Canada, where travellers are experiencing some of the worst airport delays in North America, insurers are seeing a slight rise in claims being submitted, but did not comment on losses associated with the delays.

Will McAleer, executive director at the Travel Health Insurance Association (THIA), a national organization representing travel insurers, says some providers in Canada have begun to exclude these types of widely publicized delays from policies, citing them as now "known events" and thus no longer covered.

TuGo chief customer officer Brad Dance said the company has only seen a "slight increase" in the number of trip cancellation and interruption claims.

"There have been a few claims where flights that are normally delayed by an hour or two are actually being delayed, in some instances, by a day or more," he said in an e-mail to The Globe and Mail, "... and we have seen a definite uptake in policyholders receiving an airport lounge pass or cash payout."

TD spokesperson Paolo Pasquini says the insurer has not seen an increase in trip cancellation and trip interruption claims "above expectations." But claims for baggage loss – which is coverage provided by most credit cards – is increasing, he added, although those claims are typically smaller dollar amounts.

Manulife and Allianz did not respond to The Globe about whether they have seen increased claims.

However, despite the large drop in profitability for most companies this year, travel insurance typically accounts for less than 5 per cent of a major insurers' total gross premiums written.

"Losses should remain manageable given insurance companies' high degree of diversification across different business lines," Mr. Alvarez said. "For most of the largest travel insurance providers, the relatively low contribution of travel insurance to overall revenues will help mitigate the impact on insurance companies' credit profiles."

Read Story (Subscription Required): https://www.theglobeandmail.com/business/article-travel-insurance-claims-airport/?utm_medium=email&utm_source=Market%20Update&utm_content=2022-7-15_6&utm_term=Travel%20insurers%20scramble%20to%20cope%20with%20airport%20chaos&utm_campaign=newsletter&cu_id=Ts6FwhWx6n2rSHC0x7MiReEeeFJOJkTb

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Canada Bringing Back Mandatory Random COVID-19 Testing Of Travellers Arriving At Main Airports

By The Canadian Press, July 14, 2022

https://www.theglobeandmail.com/canada/article-canada-bringing-back-mandatory-random-COVID-19-testing-of-travellers/

The federal government says mandatory random testing of travellers arriving at its four main airports will start again next week.

Ottawa paused the random testing of those entering Canada by air on June 11, as part of its strategy to transition to testing incoming travellers outside of airports.

The government now says testing will resume as of July 19 for fully vaccinated travellers arriving at the Vancouver, Calgary, Montreal, and Toronto airports.

It says all testing will be completed outside of airports for unvaccinated people as well as those who are fully or partially vaccinated.

The testing will be completed either at an in-person appointment at select testing locations or via a virtual appointment for a swab test.

Travellers who are not fully vaccinated must test on both the first and eighth days of their mandatory 14-day quarantine, unless exempt.

Will The Return Of Mandatory Random COVID-19 Testing For Arriving Air Travellers Lead To More Delays?

A Month After The Federal Government Paused Random COVID-19 Testing At Canada's Four Major Airports, The Process Is Returning Albeit Outside Airport Terminals.

By Josh Rubin and Jenna Moon, Toronto Star, July 14, 2022

Just over a month after the federal government paused random COVID-19 testing at Canada's four major airports, the process is returning — but this time, it'll take place outside of the airports.

As of July 19, fully vaccinated air travellers could be selected for random testing when they arrive in the country. With high-traffic airports such as Toronto's Pearson already struggling with staffing issues and buckling under the weight of increased travel, industry experts are wondering if this will add to the tourism industry's ongoing woes.

Financial analyst Ross Healy, chairman of Strategic Analysis Corporation, told the Star that Air Canada is currently forecast to lose an additional $0.51 per share over the next 12 months, but just how the move to re-introduce testing might factor into the airline's bottom line is uncertain.

"It's one of those things that doesn't help," Healy said.

John Gradek, a former Air Canada executive and the co-ordinator of the aviation management program at McGill University's School of Continuing Studies, told the Star he doesn't anticipate that the massive airport delays will worsen as a result of the return to testing.

Many delays, he said, have been the result of long lines to get to a Canada Border Services agent.

"I don't think it's going to add a lot of time" to processing, Gradek said. But, he said, issues could arise when it comes to selling Canada as an attractive travel destination.

"People are going to start wondering why Canada has this additional level of testing and public health measures that other countries don't have," he said, adding airlines "will have their work cut out for them" in how they manage the testing hurdle.

Gradek doesn't believe the issue will impact travel in 2022. People won't likely cancel their trips to Canada because of the re-introduced testing, he said.

Chris Bloore, president and CEO of the Tourism Industry of Ontario, said in an email on Thursday, July 14 that the industry has suffered "dramatic revenue losses" province-wide.

"The tourism industry is far from recovered and announcements like today's only further delay our return to pre-pandemic economic activity," Bloore said. He added that the announcement was disappointing and signals a different approach to this stage of the pandemic than the practices in place in Canada's peer countries.

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Bloore echoed the concern raised by Gradek that tourists could be deterred by the additional step. “At a time when we are trying to normalize the travel experience and recapture our market share, some will interpret this announcement as Canada not being open for travel and make alternative plans for their vacation,” he said.

In a statement shared on Twitter, the National Airlines Council of Canada (NACC) said that while members “welcome the step to move testing outside of airports to reduce traveller congestion,” they stand by their position that it’s time to “utilize alternative methods” of assessing COVID-19 transmission and future variants, such as wastewater testing.

The move is out-of-step with provinces and territories, NACC wrote in the statement, adding that other consumer activities such as concerts and sporting events are not subject to the same requirements.

Ottawa paused the random testing of those entering Canada by air on June 11 as part of its strategy to transition to testing incoming travellers outside of airports.

All testing will now be completed outside of airports for unvaccinated people as well as those who are fully or partially vaccinated. The testing will be completed either at an in-person appointment at select testing locations or via a virtual appointment for a swab test.

In recent months, Pearson airport has made headlines for long wait times on the tarmac and winding lineups at security. The delays have been caused in large part by labour shortages, with the Canadian Air Transport Security Authority (CATSA) telling the Star in May that its workforce was thinned by pandemic layoffs and challenges with recruitment.

In a statement on Thursday, July 14, the Canadian Airports Council said it welcomed the move to conduct testing outside of the airports.

“During the temporary pause on testing, arriving passengers were processed more quickly and efficiently, which until then had been a major pain point,” the statement read.

The announcement “shows that industry and government are working hard to find solutions to improve the travel experience at Canadian airports,” the Council said.

In a news release issued by the Public Health Agency of Canada on Thursday, July 14, the federal government said testing “remains an important part of our surveillance program to track the importation of COVID-19” into Canada and monitor for new variants of concern.

Testing will be re-implemented in Vancouver, Calgary, Montreal, and Toronto for travellers who are considered fully vaccinated. The appointments will be completed at select provider locations, pharmacies, or virtually, the release said.

“Moving testing outside of airports will support testing for travellers arriving by air while still being able to monitor and quickly respond to new variants of concern, or changes to the epidemiological situation. Mandatory random testing continues at land border points of entry, with no changes,” the release said.

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News of the testing being re-instated came amid two major technical glitches on Thursday, July 14 which added to airline and airport chaos.

At WestJet, a nation-wide systems outage meant that for several hours, passengers couldn't use the airline's website to make payments or plan their trips. The outage also meant that WestJet passengers couldn't check in at airports, nor could they use the self-serve baggage drop.

WestJet didn't immediately respond to questions asking how many flights were delayed or cancelled because of the outage, but social media was flooded with tales of woe.

After flying from their home in Liverpool, England, to Dublin, Lucy Sharp and her family got ready to check in for their connecting WestJet flight to Calgary for a family wedding that had twice been delayed because of COVID-19. After waiting for more than five hours without any explanation or food, they gave up and checked into a hotel in the Irish capital.

"We had to book it ourselves. Travelling with 3 young children and an elderly relative so we couldn't risk waiting any further in the airport," said a frustrated Sharp in a direct message on Twitter. "Everyone is very tired and we're feeling anxious about our onward journey. But are making the most of things and have enjoyed some food and drink at the hotel," Sharp added.

"At the airport trying to get back to Canada. WestJet's system is completely down at the terminal so no one can check in or check baggage. Considering the Rogers debacle last week, perhaps we should consider re-learning how to rely less on machines," tweeted actor and "Return to the Shadows" star Nicola Correia-Damude.

"Hey WestJet, what gives? Eight hours in line at Dublin Airport now, our flight left with 30 people on it 3 hours ago. 200 people stranded with no word on replacement flights, no word on hotel vouchers. This is the last time you see a dime of my money," tweeted Trax123.

"WestJet is having a Rogers kind of day," tweeted James Cameron, referring to last week's Rogers outage which snarled telecommunications and financial systems across the country.

At NavCan, which runs Canada's air traffic control system, operations in Western Canada were disrupted by an outage at Zayo, a telecommunications supplier.

"We regret the inconvenience to air carriers and their passengers due to this third-party outage," said NavCan spokesperson Brian Boudreau in an emailed statement.

An Air Canada spokesperson said in an email that the airline is working with NAVCAN to "minimize any impact to Western Canada flights, which are operating as scheduled, albeit some with some minor delays."

Read Story (Subscription Required): https://www.thestar.com/business/2022/07/14/will-the-return-of-mandatory-random-COVID-19-testing-to-arriving-international-air-travellers-lead-to-more-delays.html

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Majority Say Canadian Airport Delays 'A National Embarrassment,' And Are Avoiding Travel: Poll

By Sean Boynton, Global News, July 15, 2022

https://globalnews.ca/news/8991804/canada-airport-delays-poll/

Seventy per cent of Canadians agree that the widespread delays at airports across the country are a "national embarrassment," a new poll suggests, with nearly 60 per cent of people saying they are avoiding travel until the situation improves.

But the Ipsos poll, conducted exclusively for Global News and released on Friday, July 15, found that Canadians believe there's plenty of blame to go around for the delays between airports, airlines, the federal government, and even travellers themselves.

"The poll definitely suggests there's a lot of anger right now and uncertainty around travel," Gregory Jack, vice-president of Ipsos Public Affairs, told Global News.

"Overall, we definitely see a very high level of concern among Canadians about what's happening at our airports, and they are spreading the blame around pretty equally."

Long lineups at Canada's airports have now lasted for months, prompting airlines to cut back on flights to try and reduce the delays — only leading to more chaos as travellers navigate cancelled or rescheduled trips.

The government and airline industry groups have blamed a variety of factors, including a surge in traveller demand as COVID-19 restrictions have eased, staffing shortages at airports and airlines, and continued COVID-19 testing for incoming travellers, among other public health measures at airports.

Ipsos surveyed over 1,000 Canadian adults earlier this week for Friday, July 15's poll.

It found that while just five per cent of those surveyed strongly agreed they had been personally impacted by the delays, and another 18 per cent somewhat agreed, Canadians' anger over the situation is palpable.

Only 37 per cent of respondents said the federal government is doing enough to address the delays and cancellations, and just 35 per cent said the same about airlines.

Additionally, nearly 60 per cent of those surveyed disagreed that Canada is doing a better job than other countries in managing airport delays, which have become an international issue.

When asked if it's understandable that airports are experiencing difficulties, as a quick rebound in travel demand could not have been predicted, Canadians were virtually split between agreeing and disagreeing.

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The poll found that almost 40 per cent of Canadians think the federal government, airports, airlines, and travellers themselves are equally to blame for the delays. Among those who pointed the finger in just one direction, a plurality — 22 per cent — said Ottawa was responsible.

Yet different types of delays had different culprits accused of shouldering the blame.

For delays at security checkpoints, 33 per cent said the airports were the problem. Airlines were seen as most likely to be responsible for delays at check-in counters (31 per cent) and for flight delays and cancellations (44 per cent). Airports and airlines were equally blamed for baggage delays (33 and 34 per cent, respectively), while 34 per cent said the government was responsible for delays at customs.

Canadians were also found to be split on whether these delays are temporary or will stick around for a longer time, with 55 per cent agreeing the situation will be resolved by September. The rest predicted the issue will last well beyond the summer.

“It’s a sign of a longer-term problem on service offerings overall in the post-COVID-19 era,” Jack said.

“We’re not seeing this only in air travel. I think that sense of uncertainty as to what’s going to happen next is the case in a lot of areas, in terms of supply chains, availability of goods — things are simply not happening as quickly or as efficiently as people are used to.”

Driving that point home, two-thirds of respondents said the airport issues are both the start of further problems with the delivery of basic public services, and a sign the government has neglected those services for too long by focusing on “the wrong issues.”

The government has repeatedly insisted it is working to address the delays. On Friday, July 15, Transport Minister Omar Alghabra released a list of meetings he has had over the past week with airport CEOs and other stakeholders focused on the issue.

That list was released after Ottawa announced it will resume random COVID-19 testing for incoming travellers, which travel groups have blamed for the delays. However, the government says the testing will be performed off-site in a bid to reduce lineups at airports.

These are some of the findings of an Ipsos poll conducted between July 12-13, 2022, on behalf of Global News. For this survey, a sample of 1,001 Canadians aged 18+ was interviewed. Quotas and weighting were employed to ensure that the sample’s composition reflects that of the Canadian population according to census parameters. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll is accurate to within ± 3.5 percentage points, 19 times out of 20, had all Canadians aged 18+ been polled. The credibility interval will be wider among subsets of the population. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.

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Majority Of Canadians Have No Interest In International Summer Travel: Nanos Survey

By CTV News, July 10, 2022

https://www.ctvnews.ca/canada/majority-of-canadians-have-no-interest-in-international-summer-travel-nanos-survey-1.5980415

A new survey by Nanos Research shows that three in five Canadians are not interested in travelling internationally this summer.

According to the survey, commissioned by CTV News, 61 per cent aren't making any international travel plans at all, while six per cent of Canadians said they had international travel plans this summer and cancelled them. Another three per cent said they had booked international travel, but may still cancel their trips.

Twelve per cent of travellers remain undeterred with their travel plans and have no intention to cancel them.

The survey comes as travellers have been plagued by long wait times at both airports and passport offices, and with inflation at a 40-year record of 7.7 per cent.

The Canadian Press reported this week that Air Canada and Toronto's Pearson airport rank number one worldwide for flight delays. The massive wait times and flight cancellations have led Air Canada to temporarily ban pets from baggage holds.

Meanwhile, at passport offices, Service Canada is struggling to catch up with the wave of requests following a lull during the early months of the COVID-19 pandemic.

"Canadians aged 55 plus are most likely to say they have no interest in travelling internationally this summer (69 per cent) compared to younger Canadians (18-34: 53 per cent; 35-54: 58 per cent)," the survey states. "Those aged 18 to 34 are more than twice as likely to say they want to travel internationally but have no plans (22 per cent) moreso than those aged 55 plus (9 per cent)."

The Nanos Research survey also sought to gauge Canadians' level of concern about another wave of COVID-19. The numbers show that the majority of those surveyed have some level of concern that another wave of COVID-19 this fall could prompt governments to bring back certain restrictions.

"A majority of Canadians are worried (16 per cent) or somewhat worried (39 per cent) that this fall there will be another pandemic wave which will be serious enough to bring back restrictions such as mandatory mask wearing, social distancing, and the limiting of gatherings, while about two in five are either not worried (23 per cent) or somewhat not worried (19 per cent)," the Nanos survey states.

Though the provinces have dropped most restrictions, there's been a recent surge in cases in many parts of the country.

Methodology: Nanos conducted an RDD dual frame (land-and cell-lines) hybrid telephone and online random survey of 1,002 Canadians, 18 years of age or older, between June 30 and July 4, 2022 as part of an omnibus survey. Participants were randomly recruited by telephone using live agents and administered a survey online. The sample included both land-and cell-lines across Canada. The results were statistically checked and weighted by age and gender using the latest Census information and the sample is geographically stratified to be representative of Canada. Individuals randomly called using random digit dialling with a maximum of five call backs. The margin of error for this survey is ±3.1 percentage points, 19 times out of 20. This study was commissioned by CTV News and the research was conducted by Nanos Research.

Airport Nightmares Won't End This Summer, Experts Say

Canadian Airports Council President Said Westjet And Air Canada's Scale Back Will Help Ease Some Challenges

By Philip Drost, CBC News, July 7, 2022

Airport nightmares won't end this summer, experts say | CBC Radio

As Jenn MacDougall watched her three children sleeping on the floor of Pearson International Airport in the early morning hours on her way home to Nova Scotia, she got a notification that her flight was cancelled — again. It was clear to her then that the trip to the Yukon wasn't worth it.

Experts say these delays, cancellations, and wait times will be sticking around for the summer.

"We do anticipate a bumpy summer. It's a busy time," said Monette Pasher, interim president of the Canadian Airports Council.

The desire for national and international travel has returned in full force, but airport and airline staffing levels have not. It's causing flights to be cancelled and delayed, and leaving many passengers frustrated.

Pasher said Air Canada and WestJet have made some headway, beginning with cancelling some summer flights in hopes that they can get their other flights running smoothly.

"We're seeing steady progress in terms of hiring and bringing people back on at our airports, airlines ramping up staffing and have reduced schedules," said Pasher.

"I think in weeks we're going to see things smooth out even more."

But with staffing levels still not back to where they were pre-pandemic, it will take some time before these problems are solved. Pasher said airlines are hiring more employees, but it takes time to train staff and get them security clearance.

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Unexpected Desire To Travel

She said that while the industry certainly expected an uptick in travel plans this summer, its estimates were too low.

"All surveys and industry experts would have expected our industry to be at about 70 per cent [of pre-pandemic levels] this summer, so we expected a big ramp-up in demand," said Pasher.

"We knew people wanted to travel and we [don't] think there was anyone across our system that would have expected that we would have been at 90 or 100 per cent and back to 2019 levels…. We expected a lot of people wanted to travel, just not as intense as it was."

Pasher said she personally thought it would take a couple more years before airlines saw this level of demand again.

The CBC reached out to Air Canada and Westjet for interviews. Both airlines declined and instead sent statements about their flight cancellations.

An emailed statement from Westjet said, in part, "as a result of consistent and proactive efforts, we have been able to stabilize our operation to prevent reactive cancellations; however, there remain significant operational challenges across the Canadian aviation ecosystem that fall outside of our control, contributing to significant delays."

"Our number one priority is ensuring our guests arrive safely to their destination, as on-time as the current aviation landscape allows for."

Meanwhile, Air Canada said it was primarily flights from Montreal and Toronto that were affected by delays and cancellations.

"These will be mostly frequency reductions, affecting primarily evening and late-night flights by smaller aircraft, on transborder and domestic routes. Our international flights are unaffected, with a few timing changes to reduce flying at peak times and even out the customer flow."

Persistent Problem

Meanwhile, passengers such as MacDougall, whose trip home took her four more days than she expected, want airlines to follow through on their promises and compensate customers who have faced challenges like she did.

She's still waiting to hear back from Air Canada.

"I definitely want my money back that I spent," said MacDougall. "They didn't follow through with their end of this… They haven't gotten back to me, so I don't even know what they're even thinking or anything; like I have no idea what's going to happen."

Scott Keyes, founder of the website Scott's Cheap Flights, and a frequent flyer himself, doesn't expect to see smooth summer travel, but he does see an end in sight. He hopes that once September hits, travel will slow down and airports and airlines will be better staffed.

"Things aren't going to turn sunshine and rainbows overnight. It's going to stay a turbulent, if you will, summer," said Keyes.

"But things will improve, I think, drastically after Labour Day just because you won't have as much strain on the system."

Our Love For Cheap Airfares Has Pushed Airports To The Brink

Opinion by Ashley Nunes, Special To The Globe and Mail, July 11, 2022. Ashley Nunes is a research fellow at Harvard Law School.

https://www.theglobeandmail.com/opinion/article-our-love-for-cheap-airfare-has-pushed-airports-to-the-brink/

Messy, impossible, difficult. Those are just some of the words air travellers have used to describe the situation at Canada's busiest airport. In recent months, Toronto's Pearson International Airport has been plagued by long delays, lineups, and cancellations. The result – according to former hockey pro Ryan Whitney – is "the biggest disgrace known to man." Hyperbole aside (Mr. Whitney has clearly not suffered through midnight arrival queues at the Mumbai airport), he does have a point. Delays at Pearson are bad, so bad in fact that some passengers are waiting for hours inside the airplanes they arrive on because of lengthy queues at customs.

Being one of those passengers, I would know. But as I recently discovered, the fun starts long before you get into the terminal building. Thirty minutes before landing in Toronto last week, a cheerful flight attendant made the anticipated, yet unwelcome announcement. "Folks, I have some good news and some bad news. The good news is that we should be on the ground shortly. The bad news is that once we get to the gate, passengers must remain in their seats for a while longer to prevent overcrowding in the terminal. The airport authority will let us know when you can safely disembark."

While some blame federal COVID-19 rules for slowing operations down, government and industry alike agree that another main issue is staffing shortages. Security screeners, luggage handlers, and check-in agents are in short supply. If we had more of them, passenger pains would ease.

Wooing industry recruits wasn't always a slog. Careers in aviation were once highly sought after. The reason? Plentiful perks. Bag handlers and customer service agents for example, could, in exchange for their labour, count on paid time off and a generous pension. These benefits reflected protectionism (rather than altruism) at its finest. Airlines could afford to be generous with workers because Ottawa protected these carriers from competition. However, the gravy train – for workers at least – ended with deregulation. Starting in the 1970s, as neo-liberalism took hold, Ottawa moved away from backing airlines, opting instead to regulate them. The result was a free marketeer's dream.

No longer shielded by government coffers, balance sheets soon took a beating as competition in the market intensified. The response from incumbents (and their competitors) was both swift and predictable. C-suite execs embarked on aggressive cost-cutting campaigns. Predictably first on the chopping block: employee perks. To save cash, work contracts were trimmed and, where possible, tendered out to third party vendors that offered the lowest bid. The result for flyers was what they desired most: rock-bottom fares. The consequence for workers, however, was what they desired least: low pay and less attractive working conditions.

This trend continues today. Take airport security personnel. You'd think with a job as vital as theirs, pay would be attractive. You'd hope these professionals would – given their importance – be in the government's employ. Not so much. In cities such as Vancouver, security officers earn less than what is considered a living wage. And few (if any) screeners country-wide are directly employed by Ottawa. Instead, their employment contracts are funneled through third-party screening vendors. Civil servants are, after all, pricey. Contractors, less so.

As for their working conditions, security screeners, for example, are promised "a vibrant and dynamic work environment that inspires growth and promotes excellence." Vibrant and dynamic is one way to describe running security checkpoints at an airport. Abusive and thankless is another. I would know. Working one of these checkpoints was my first job out of college. For the record, I lasted 30 minutes. Between low pay, long hours, and throngs of grouchy passengers, I quit before I had even really started. Somehow, watching paint dry seemed more rewarding.

Baggage handlers fare even worse. Loading and unloading bags is a slog. But doing so at the height of summer, the depths of winter, through sweltering heat or nail-biting cold, on short notice for flights running behind schedule, and you're begging for resignation *en masse*.

So here's an idea. How about we make working at an airport more attractive to potential recruits? How about we treat airport workers better? That means boosting pay and giving these professionals more time off. Staffing airports isn't easy, and work contracts should reflect that. It admittedly won't be cheap, or painless. Higher personnel costs are inevitably passed on to passengers. But is that really a bad thing? In an era of budget travel, flyers have been lured by the promise of everything for (almost) nothing, a proverbial free lunch.

After decades working in the industry, I'm here to tell you there's no such thing.

Emirates Slams Heathrow Airport's Order To Cut Flights

By Kelvin Chan, The Associated Press, July 14, 2022

[Emirates slams Heathrow Airport's order to cut flights (msn.com)]

Mideast airline Emirates on Thursday, July 14rejected a demand by London's Heathrow Airport for airlines to cut summer flights in a bid to ease travel disruptions, calling it an "entirely unreasonable and unacceptable" move that shows "blatant disregard for customers."

In a blistering statement, the airline lashed into Heathrow's management, accusing it of "incompetence" for not being ready to deal with the "super peak period" for travel.

Emirates, one of the world's biggest airlines, was firing back a day after Heathrow announced it was capping daily passenger numbers at 100,000 and telling airlines to stop selling tickets as it seeks to quell travel chaos caused by soaring travel demand and staff shortages.

Airlines have already slashed thousands of flights from their summer schedules after U.K. aviation authorities said they wouldn't be punished for not using valuable takeoff and landing slots in a bid to prevent last-minute cancellations.

Heathrow, Britain's busiest airport, said the cuts weren't enough, but Emirates drew a line, exposing tensions between the airport and the airlines that are its customers.

Emirates, which operates six daily return flights between Heathrow and Dubai, United Arab Emirates, said it's "highly regrettable" that the airport on Wednesday, July 13 gave it 36 hours to comply with capacity cuts "of a figure that appears to be plucked from thin air."

"Their communications not only dictated the specific flights on which we should throw out paying passengers, but also threatened legal action for non-compliance," the airline said.

Booming demand for summer travel after two years of COVID-19 travel restrictions has swamped airlines and airports in Europe, which are shorthanded after many pilots, cabin crew, check-in staff, and baggage handlers were laid off. That has left travelers facing last-minute cancellations, lengthy delays, lost luggage, or long waits for bags.

Heathrow blames a shortage of ground staff, which are contracted by airlines to check-in passengers, load and unload bags, and prepare aircraft for their next journey.

Emirates, however, said its ground-handling and catering services are owned by its parent company and "are fully ready and capable of handling our flights." Blame instead lies with the airport's "central services and systems," it said.

The airline accused Heathrow management of being "cavalier" about travelers and airlines, with signs of a strong travel rebound apparent for months.

Emirates said it got ready, including rehiring and training 1,000 pilots in the past year, but that Heathrow failed to act, plan, or invest.

"Now faced with an 'airmageddon' situation due to their incompetence and non-action, they are pushing the entire burden — of costs and the scramble to sort the mess — to airlines and travelers," the statement said.

Heathrow said it has been asking airlines for months to help draw up a plan to solve their staffing challenges, "but no clear plans were forthcoming and with each passing day the problem got worse."

"We had no choice but to take the difficult decision to impose a capacity cap designed to give passengers a better, more reliable journey and to keep everyone working at the airport safe," Heathrow said in response to the Emirates statement. "It would be disappointing if instead of working together, any airline would want to put profit ahead a safe and reliable passenger journey."

Rebooking so many potentially affected passengers is impossible because all flights for the next few weeks are full, including at other London airports and on other airlines, Emirates said. Moving some operations to other U.K. airports at short notice is also unrealistic, it said.

From Airlines To Hospitals, Not Much Is Working In Canada This Summer

Opinion by The Globe and Mail Editorial Board, July 11, 2022

https://www.theglobeandmail.com/opinion/editorials/article-from-airlines-to-hospitals-not-much-is-working-in-canada-this-summer/

The chaos in airports in Canada and around the world this summer has been frustrating for a lot of travellers, but no one can say it hasn't also been an education in the delicate complexity of international passenger flight.

Like the butterfly effect, in which the flap of a butterfly's wings in one location is theoretically able to cause a tornado in another, one hiccup in the airline system that on its own isn't a big deal can cause global chaos.

And now here we are in the aftermath of the worst calamity ever to strike the airline industry – one that is magnitudes greater than any before it – and every day there are new horror stories about late or cancelled departures, arrivals forced to sit on the tarmac for hours while waiting for a gate, luggage that disappears into the ether, and airlines that won't pick up the phone.

Worse still, there may be little that can be done to restore service to normal levels this summer. People around the world, starved of travel and longing to see family after two years of the COVID-19 pandemic, are unlikely to enjoy a worry-free trip before the fall, at the earliest.

This appears to be particularly true in Canada. According to data kept by FlightAware, 53 per cent of the flights leaving Toronto Pearson Airport were delayed on Friday, July 8. At Montreal-Trudeau, 43 per cent departed late. At Vancouver International, 36 per cent.

These numbers are troubling when compared with major American airports on the same day. Only 19 per cent of flights out of Chicago-O'Hare were delayed on Friday, July 8, and only 22 per cent at LaGuardia in New York, 11 per cent at Boston-Logan, and 15 per cent at Washington-Dulles.

The same day, Air Canada saw 65 per cent of its flights leave late around the world. For WestJet, the number was 63 per cent. On a percentage basis, those numbers were four times higher than those of United Airlines (16 per cent) and Delta (15 per cent), and more than double American Airlines (27 per cent).

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The numbers for Saturday, July 9 were strikingly similar in almost every case. Canadians need answers as to why their airports and airlines are doing so much worse than their American counterparts.

All the world's airlines and airports were faced with the same disaster when the pandemic hit in 2020. Traffic dropped by 60 per cent globally compared with 2019, and was still down nearly 50 per cent a year later.

Airlines laid off tens of thousands of staff, as did the services in the delicate web that keeps planes flying on time: airport security, baggage handlers, and air traffic controllers.

The result is that the industry in Asia, Europe, and North America was unprepared for the steep rebound in demand this summer. Every part of it is short-staffed and struggling to hire workers in straitened labour markets. Labour disputes in some countries haven't helped. As many as 2,000 flights around the world are being cancelled every day, and 10 times as many are being delayed.

"This is the worst summer meltdown for airline customer service in the 37 years I've spent working in, writing about, and advocating about the airlines," one aviation expert told The New York Times last week.

That should provide some perspective for angry Canadian travellers. This is not a problem peculiar to one country, even if the delays are more acute here.

But asking questions about it is important because there appears to be a deeper issue.

A corresponding spike in demand for passport renewals has left Canadians standing in lines for hours, or even days, this summer. The federal government acknowledged last week that it failed to anticipate the surge in demand.

And while Canadians might be anxious about travelling by plane, they should be more worried about getting sick or injured right now. Staffing shortages caused by illness and burnout, combined with rising COVID-19 cases, mean that people are waiting more than eight hours for care in emergency rooms across the country. Some hospitals have even had to shut down their ERs.

A lot of fundamental stuff isn't working in Canada this summer. If the pandemic was the flap of a butterfly wing turned into a tornado, its consequences have exposed a fragility in the workings of this country that is far more worrisome than a delayed flight or a lost suitcase.

A Tale Of Two Airports: Delays At Pearson, Growth At Waterloo Region

Toronto Pearson International Airport Was Last Week Ranked Among The Worst In The World, While The Experience At Waterloo Region's Airport Is More Comfortable Than Ever

Opinion by Waterloo Region Record Editorial Board, July 12, 2022

It is the best of times to fly. It is the worst of times to fly. It all depends on where you're flying from, as the following tale of two airports will attest.

As post-pandemic air travel picks up and literally soars beyond most expectations, Toronto Pearson International Airport was last week ranked second worst in the entire world — the entire world! — largely because of its outrageous departure delays. Flights have been cancelled, baggage lost. Stressed-out flyers have been stuck in lineups for hours while planes sat stranded on the tarmac. The frustration and anger this has caused hundreds of thousands of people isn't in the least overstated. In fact, this has become a serious political issue, and the federal government is scrambling to find ways to fix Pearson.

How different, in fact how comparatively stress-free and pleasurable, is the experience at the Region of Waterloo International Airport which -- as part of its ambitious, ongoing improvements -- last week opened a spacious new departures lounge. With six new boarding gates and seating for 500 people, the expanded lounge is, according to the Region, supposed to get passengers onto their planes more quickly and allow them to relax before their flights.

The regional airport's new, 20,000-square-foot lounge, by the way, is only one part of its $30.2-million terminal expansion. Phase 2, which will reconfigure the airport's existing terminal building, begins this month and will add self-service check-in kiosks, a third security line for passenger screening, and a streamlined baggage system. Although the regional government's investment in this airport has in the past been controversial, today, given the sad state of Pearson and so many other big Canadian airports, it seems prescient — and entirely welcome.

Some people will say praising the Waterloo Region airport while slamming Pearson is like comparing a single-engine Cessna to a jumbo jet. To be fair to Toronto, many of its current woes materialized as the two-year pandemic finally eased and an unexpectedly large surge in air travel followed. Pearson is truly a major hub for global travel, a claim you can't make about the regional airport. In 2019, before the pandemic hit, Pearson handled 50.5 million passengers, while in 2021, during the pandemic, 12.7 million people still relied on it. In comparison, even though last year was the busiest ever for Waterloo Region airport, it handled just 204,000 passengers.

But set aside the exceptional and — hopefully — temporary problems battering Pearson International. Let's be honest. It was a trial to go through Pearson before COVID-19 and will be a trial long after COVID-19 has passed. At some point in the not-too-distant future, Pearson will hit its capacity for flights and passengers. Yet with Ontario's population rising by two million a decade and the demand for air travel growing with it, we need a provincial airport system that can cope.

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That's where the Region of Waterloo International Airport and other regional hubs, such as John C. Munro Hamilton International Airport, fit in. For more than a decade, local airport and regional authorities have been steadily improving the Waterloo Region airport outside Breslau. The journey has not been without turbulence. Airlines have come and gone, offering flights to other Canadian cities one day only to cancel the service the next. Critics warned that the Region had bought itself a white elephant.

But the Region kept its eye on the prize — an airport that could offer varied and reliable services to the local population a lot closer to where they live and work. In 2017, it approved its $375-million, 20-year Airport Master Plan to meet the travel needs of this community and respond to the capacity challenges at Pearson. New airlines offering more flights have since landed at Breslau. This year, it's expected to handle 500,000 passengers — 2 1/2 times what it did in 2021. Next year, it should serve one million travellers.

To be sure, the local airport is one more piece in completing the Region's transportation puzzle. It will complement light rail transit, the coming regional transit hub, two-way, all-day GO trains and a new Highway 7 to Guelph. Given the pace of change in this Region, planning for today won't cut it. We have to be ready for tomorrow and the tomorrows that follow. And as for our expanding airport, all other things being equal, where would you rather fly from?

Read Story (Subscription Required): https://www.therecord.com/opinion/editorials/2022/07/12/a-tale-of-two-airports-delays-at-pearson-growth-in-breslau.html?source=newsletter&utm_content=a01&utm_source=ml_nl&utm_medium=email&utm_email=6D73923380F292A40DC042B455F0FDE3&utm_campaign=wrop_129945

Feds Aiming To Clear Passport Backlog In Next '4 To 6 Weeks': Minister

By Simon Little and Kylie Stanton, Global News, July 11, 2022

https://globalnews.ca/news/8981962/canada-passport-delays/

Ottawa is acknowledging that it underestimated the demand for passports amid relaxed COVID-19 restrictions, and is aiming to clear backlogs by the end of the summer.

Speaking in Vancouver on Monday, July 11, Families, Children and Social Development Minister Karina Gould described the long waits and uncertainty Canadians seeking the travel documents have faced for months as "totally unacceptable."

"Where we want to be is people getting their passports well ahead of time when they apply, and that's what we're working towards in the next four to six weeks," she said.

Throughout the spring and early summer, Canadians seeking to renew their passports have faced long, sometimes multi-day lines at Service Canada offices. Many who have mailed in their documentation have reported poor communication and lack of clarity about when their documents will arrive.

In both cases, some applicants have faced processing times of months, sometimes threatening scheduled flights or planned travel.

On Monday, July 11, Gould said the federal government had anticipated an uptick in demand when restrictions were relaxed, but not the scale of applications or the way people chose to apply.

Prior to COVID-19, she said 80 per cent of people applied for passports in-person, with 20 per cent applying by mail. This year, that distribution flipped, she said.

"What we didn't anticipate was the level of surge we were going to receive," she said.

"Quite frankly, the mail system was not sufficiently staffed to deal with that. That is something we are fixing right now."

Between April and June of this year, Canadians submitted more than 808,000 passport applications, 166,000 more than during the same period in 2019.

That's pushed the volume of applications for this fiscal year to 4.3 million, up from 2.4 million last year, and left federal public servants clocking about 6,000 hours of overtime a week.

Ottawa has hired 600 additional passport workers, but only about 100 of them have completed training, which takes 12 to 15 weeks.

The remaining workers should be coming on the job within the next month, Gould said.

Despite the uncertainty and extreme delays for some, Gould said the majority of Canadians are getting their passports on time. She said those who are approaching their travel dates with no documentation should go to a Service Canada site, where people with urgent needs are being prioritized.

Another COVID-19 Wave Is Here – If Only We Could Do Something About It. (Hint: We Can)

Opinion By The Globe and Mail Editorial Board, July 13, 2022

https://www.theglobeandmail.com/opinion/editorials/article-another-COVID-19-wave-is-here-if-only-we-could-do-something-about-it/

The COVID-19 pandemic used to be easier to navigate. You remember those days, in early 2020 and into 2021, when the risks were black and white, vaccine rollouts were still in their infancy, and most Canadians were happy to let public health officials manage the response to the crisis.

Now we're in a different stage of the pandemic, where little is clear any more.

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On the one hand, there are worrying developments. Ontario and Quebec are officially in new waves of the pandemic, and other provinces are also seeing upticks. Canada's seven-day rolling average of new confirmed cases has risen from less than 2,000 in the middle of June to 3,276 on Monday, July 11, according to Our World in Data.

Wastewater signals, in which the levels of COVID-19 are measured in sewage, are rising, albeit slowly, across much of the country.

In Europe and New Zealand, cases are spiking. The Omicron variant believed to be the leading cause of new infections, BA.5, is not well-understood. It's unclear whether it's more transmissible than previous dominant strains, or more dangerous, but the consensus is that it is different enough from its predecessors to be able to evade the antibodies of past infections, and is harder for the current vaccines to neutralize.

On June 29, the Public Health Agency of Canada said, "The likelihood, timing, and severity of a future wave of COVID-19 is uncertain." The National Advisory Committee on Immunization (NACI) is concerned enough that it wants anyone over 65, or who is vulnerable because they live in a congregate setting or because of their social status, to get a booster in the fall – "regardless of the number of booster doses previously received."

At the same time, most, if not all, major public health restrictions – mask mandates, vaccine requirements for domestic travel, mandatory testing for returning international travellers – have been lifted.

As well, there is a deficit of current data, thanks to the decision by provinces to stop releasing new case numbers, hospitalizations, and deaths on a daily basis. Ontario, for instance, only makes the latest numbers public once a week, on Thursdays.

Worse, the data are less reliable, because there is far less official testing going on. In the United States, the Institute for Health Metrics estimates that the actual infection rate there could be seven times higher than the official count. In Canada, where the average number of daily new tests per 100,000 people in the first week of July was only 58, new confirmed case counts are not a reliable indicator of the spread of the virus.

New hospitalizations are a better metric, and to date in July they are rising but not spiking. Deaths are not spiking, either. In both Quebec and Ontario, health officials believe the current wave will peak quickly in July, based on current models.

So where does that leave the average Canadian? Is the new variant more dangerous or not? How does a person decide whether to wear a mask indoors, or whether it's safe to attend a crowded sporting event or concert? In this moment of uncertainty, is it possible to make the right move?

The answer is a resounding yes. We know enough about COVID-19 to make wise choices.

It starts with vaccines. They are the single best weapon in the arsenal against the virus. They can keep people out of over-crowded hospitals, reduce the odds of new variants appearing, and cut back on the severity of an infection.

They have also been proven safe and effective the world over. Canadian governments should be making them as widely available as possible and urging everyone to get them.

And yet there are still millions of people who haven't had two shots, and half the eligible population has never received a booster. This is a huge failing on the part of governments.

Masks are a simple choice, too. COVID-19 is an airborne disease. If you don't want to catch the latest variant, wear a properly fitted mask in indoor spaces and avoid large crowds. There are many more infected people out there than are being accounted for.

Above all, don't mistake the current moment for the end of the pandemic. It's an error which too many politicians appear to be making, and it could come back to haunt everyone.

COVID-19 Was Third-Leading US Cause Of Death Between March 2020 And October 2021

By Nathaniel Weixel, The Hill, July 5, 2022

https://thehill.com/policy/healthcare/3546647-COVID-19-was-third-leading-u-s-cause-of-death-in-2020-and-2021/

COVID-19 was the third-leading cause of death in the U.S. between March 2020 and October 2021, according to an analysis of federal data released on Tuesday, July 5.

Researchers at the National Cancer Institute, part of the National Institutes of Health, analyzed death certificate data and found that the coronavirus accounted for 350,000 deaths — 1 in every 8 — in the U.S. during that 20-month period.

The data illustrates the toll of the pandemic, as COVID-19 was a top-five cause of death in every age group aged 15 years and older.

Heart disease was the Number 1 cause of death, followed by cancer, which accounted for a total of 1.29 million deaths combined.

Compared with 2020, deaths from COVID-19 in 2021 decreased in ranking among those aged 85 years and older but increased in ranking among those aged 15 to 54 years and became the leading cause of death among those aged 45 to 54 years.

Among those aged 85 and older, the coronavirus was the second-leading cause of death in 2020 but dropped to third in 2021, likely because of targeted vaccination efforts in this age group.

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According to the study, COVID-19 increased from the fifth- to the second-leading cause of death among people aged 35 to 44 years, from 6,100 deaths up to 13,000.

Compared with 2020, COVID-19 became the fourth-leading cause of death in 2021 among those aged 25 to 34 years, at 5,000 deaths, and among those aged 15 to 24 years, with 1,100 deaths.

The authors noted that the increased ranking of COVID-19 as a leading cause of death in some age groups matches a downward age shift in the distribution of COVID-19 deaths in the U.S. in 2021 compared with 2020. This trend could be attributed to higher vaccination rates among elderly and more vulnerable people.

Vaccines are now authorized for every American at least 6 months old, but only about 67 percent of the population is up-to-date with the shots. Booster shots are authorized and recommended for everyone down to age 5, but less than 50 percent of the eligible population has received one.

OTHER CAFII MEMBER-RELEVANT INDUSTRY/BUSINESS/SOCIETAL NEWS

Swiss Re Delivers Global Insurance Premium Forecast

By Mary Or, Insurance Business Canada, July 14, 2022

https://www.insurancebusinessmag.com/ca/news/breaking-news/swiss-re-delivers-global-insurance-premium-forecast-413068.aspx?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20220714&utm_campaign=IBCW-MorningBriefing-20220714&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8

Swiss Re has published its annual world insurance sigma, which forecasts a record-breaking total premium volume of over $7 trillion in nominal terms by year-end and strong global insurance market growth in both 2022 and 2023.

Swiss Re Institute's prediction of a solid 6.1% growth in total global insurance premiums in 2022 in nominal terms – surpassing $7 trillion for the first time – finds support in steady employment and income growth, rate hardening in property and casualty, and a uniquely heightened risk awareness for mortality and health risks. Volumes will be 17% higher than at the onset of the pandemic, Swiss Re noted – a testament to the resilience of insurance markets.

"Even in the face of a challenging economic environment, insurance remains a vibrant, resilient, and growing industry – and reaching the $7 trillion mark for global premiums is a major milestone," said Swiss Re's group chief economist Jerome Haegeli. "However, these are not easy times, and the insurance industry will need to keep a close eye on inflation. As the world gets more expensive, so do the costs of accidents and natural catastrophes, and this makes claims more expensive."

The global economy's sharp decline, coupled with a decades-high rate of inflation, will weigh on total premium growth, Swiss Re warned, resulting in a below average 1.2% annual average growth in real terms over 2022 and 2023. It will increase claims costs for non-life insurance, with profitability pressure rising most in lines where supply shortages are leading to price increases on top of overall inflation, such as property and automobile. High wage and healthcare inflation is also pushing up the cost of claims for casualty and health insurance.

There is a silver lining, however. "As central banks take action to combat inflation, higher interest rates will support insurers' profitability in the medium term," Haegeli said.

Rising claims costs will extend rate hardening, in effect restoring underwriting profitability and paving the way for real premium growth in 2023.

Life premiums are forecast to increase by 4.8% in nominal terms in 2022 and reach $3.1 trillion by year-end. Although this equates to a 0.2% contraction in inflation-adjusted terms, they will return to growth in 2023. Heightened risk awareness, demand for protection-type products post-pandemic, and a subsiding volume in COVID-19-related claims will support improved profitability in life insurance.

Non-life premiums will rise by 7.1% in nominal terms in 2022 – a 0.8% growth accounting for inflation – reaching $4.1 trillion by year-end. Swiss Re forecasts a further 2.2% premium growth in real terms in 2023 based on ongoing rate hardening, with commercial lines performing better than personal lines.

The US remains the largest insurance market in the world, with $2.7 trillion in total premium accounting for just under 40% of total global insurance volume based on 2021 numbers. It is followed by China, with $0.7 trillion in premium, or 10.1% of global insurance volume. Japan comes in third, accounting for 5.9% of global insurance volume.

Rounding out the five largest insurance markets in the world are Europe's strongest players. The UK accounts for 5.8% of the total global insurance volume and showed strong growth in nominal terms in 2021, its total premium volumes rising by 16.7%. France holds a 4.3% market share in global insurance volume but showed equally impressive growth in total premium volumes, which rose by 24% the same year.

Quebec Minimum Credit Card Payments Will Cost More Starting On August 1

By Sofia Misenheimer, MtlBlogQuebec, July 12, 2022

[Quebec Credit Card Payments Will Cost More Starting On August 1 (msn.com)]

Quebecers will have to pay more to cover the minimum monthly payments on their credit cards. On August 1, the rate will increase by half a percent to 3.5%. That amount will go up every year until it hits 5% by 2025, as part of measures adopted by the National Assembly in 2017 to prevent debt problems.

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While it may seem counterintuitive to increase payment amounts to improve financial literacy, the change aims to encourage people to pay their full credit card balance monthly to avoid added charges and to help those with difficulty paying a higher minimum amount before they fall into immense debt.

The Office de la protection du consommateur (OPC) notes that having difficulty making the minimum payment on your credit card is a sign you might need help from a consumer association that provides free, confidential services to people facing financial difficulties.

The province has also introduced an online calculator that can determine the time it will take to repay credit card debt if you only pay the minimum amount owed every month.

A credit card with a balance of $1,000 (and a rate of 19.9%) will be paid off in 10 years and 11 months if someone pays the minimum 3% payment every month.

The added charges total $979.87. Meanwhile, increasing the minimum monthly pay rate to 3.5% means that the same person would pay off their debt in 8 years and 11 months, with only $747.80 in interest charges. With a 5% minimum payment, that would be down to 6 years and $441.87 in interest charges.

Since August 2019, all new credit card contracts in Quebec must require minimum payments of no less than 5% of a balance.

Credit Union Members In New Brunswick Will Benefit From Improved Insurance Coverage

By Financial and Consumer Services Commission of New Brunswick (FCNB), July 13, 2022

https://fcnb.ca/en/news-alerts/credit-union-members-will-benefit-from-improved-insurance-coverage

The New Brunswick Credit Union Deposit Insurance Corporation (NBCUDIC) has extended its deposit protection coverage to include more savings products at insured credit unions.

Effective July 1, 2022, members of New Brunswick credit unions insured with NBCUDIC will now receive insurance coverage for their Registered Disability Savings Plans (RDSPs), Registered Education Savings Plans (RESPs), and term deposits for Canadian and foreign currencies with an original term to maturity of more than five years.

This new coverage is in addition to deposit protection for Registered Retirement Saving Plans (RRSPs), Registered Retirement Income Funds (RRIFs), and Tax-Free Savings Accounts (TFSAs), as well as eligible deposits and deposits held in trust, with a term up to five years. Previously, only deposits in Canadian funds were protected.

The deposit protection insurance covers up to $250,000 for each category of savings product and up to $1,500,000 for a maximum of four savings products.

Insurance coverage for these savings products is only available through credit unions insured by NBCUDIC. All protected credit unions should display an NBCUDIC sticker on their door and members can verify that their credit union is insured by visiting NBCUDIC's website.

Credit union members seeking more information about what this coverage means for them should speak with a representative from their institution or visit NBCUDIC.ca to learn more.

'It's Not A Support Function Any More, It's A Leadership Function': How The Pandemic Changed The Role Of HR

By Jared Lindzon, Special To The Globe and Mail, July 15, 2022

Until recently, human resources was largely dedicated to administrative tasks. Today, however, the department is core to business operations, as teams add new positions, adopt new skills, and use new technologies to meet the needs of a rapidly changing work force.

Prior to the pandemic, HR was primarily responsible for hiring and onboarding, setting and enforcing employee policies, managing payroll and benefits, and mediating conflicts between staff members.

"HR was in a place of complacency," said Janet Candido, the founder and principal of Candido Consulting Group, an HR practice based in Toronto. "It's certainly gotten a lot more interesting."

Ms. Candido explains that during the initial pandemic-caused transition to remote work, there was a general sense that such changes would be temporary. As restrictions eased and resignation rates skyrocketed, employee management, flexible work policies, and recruiting became a top priority for organizations in Canada and around the world, she says.

"We have a labour shortage. Right now employees want what they want, and if you're not prepared to give it to them they will go somewhere that will."

Employees, who have spent much of the past two years under lockdown restrictions, are looking for more freedom, flexibility, and greater mental health support. They also expect their employers to address pressing social issues head-on.

The transition to hybrid work, a widespread mental health crisis, a reckoning on racial injustice, and the "Great Resignation" each brought significant challenges to HR practitioners, as well as opportunities. Meeting these moments, however, would have been nearly impossible with the resources, processes, and tools that had historically been allocated to the department, according to Ms. Candido. Now, business leaders are making changes on several fronts for practitioners within HR. Many relate to diversity, equity and inclusion (DEI) and environmental, social and corporate governance (ESG).

"Five years ago, how many organizations had somebody responsible for diversity, equity and inclusion?" asked Leagh Turner, the co-chief executive officer of Ceridian, a Toronto-based HR software platform. "How many tied DEI to their ESG goals? And how many organizations had great ESG leaders?

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How many organizations had somebody responsible for employee experience? How many even defined their employee experience? I could keep going, because there's a lot of them."

Ms. Turner says that there were some high-level conversations at many organizations about employee experience management, mental health, and DEI prior to the pandemic, but that recent events have served as an "accelerant" to those trends. Now, she says, every organization needs to engage in high-level conversations about a range of new HR related issues, or risk losing talent.

"The seat at the table just got a lot bigger," she said. "HR used to be seen as a support function. It's not a support function any more, it's a leadership function, and HR leaders need to be strategists."

Organizations are not only adding more positions dedicated to managing the employee experience, addressing DEI, and developing a hybrid or remote work strategy. They're also utilizing more technology to accomplish these aims, Ms. Turner said.

"Data allows us to be objective about the decisions we make about who we put in jobs. It allows us to drive consistency of expectations and it means that we can do things that we couldn't do before. Technology has played a major role in enabling this change, and I think it will play a bigger role as time goes on."

These dramatic shifts have also resulted in new requirements for HR professionals as a whole. For example, while there may be a dedicated staff member managing new priorities such as hybrid work, DEI, and the employee experience, all team members are now typically expected to have a robust understanding of each. They are also increasingly required to stay up-to-date with the latest tools and technologies available to assist with people management.

"As an HR professional, there's a different way we have to show up that we didn't necessarily have to before," said Bernard Coleman, the chief diversity and engagement officer at Gusto, a payroll and HR software provider. "Now, you're really looking at the full needs of the employee, and the business, and trying to balance those two things."

Mr. Coleman said HR professionals are being looked upon to help solve a wide range of complex issues that are directly tied to the organization's high-level goals – and ultimately its ability to succeed in the face of new challenges.

He acknowledges that such a dramatic transition can be intimidating, but adds that many are embracing the opportunity to reinvent the department's function, and in doing so elevate its place within the organization.

"It's really exciting – you're designing a new experience, and you're the lead architect," he said. "The pandemic has created that opportunity, and for those who are prepared for it, they can step into a role and add an immense amount of value."

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Blake Scholl Wants You To Come Fly With Him — A Lot Faster Than You Can Now

The Boom Supersonic CEO Aims To Put His Overture Planes In The Air By 2029 And Cut Flight Times In Half.

By Shinan Govani, Contributed To The Toronto Star, July 9, 2022

Eighteen years and 10 months. Give or take.

That is how long it is been since the Concorde's swan song, travelling at twice the speed of sound from JFK airport in New York City to London's Heathrow. Carrying a manifest that included names such as diva Joan Collins, model Christie Brinkley, and even Sting, it was the last gasp for an aircraft once a symbol of both luxury and dexterity, which had to cease because of financial pressures. One that bore the tag line "Arrive Before You Leave."

Since its first transcontinental crossing in 1976, from D.C. to Paris, it had burgeoned to destinations ranging from Barbados to Bahrain, and counted among its passengers everyone from Diana, Princess of Wales, to Andy Warhol. Socialites galore. Masters of the universe. Iranian caviar to spare and a place to hang one's mink: just that kind of floating nirvana during the so-called Jet Age. Where, as Cindy Crawford once recalled, she fell asleep before takeoff only to wake up an hour later to find Mick Jagger sitting next to her.

All just part of the dreamscape that Blake Scholl roused in me when I went to hear his talk the other week here in Toronto at the Collision Conference — the so called "Olympics of Tech," which drew close to 35,000 attendees from all over the world for smart talk and frenzied networking. If Scholl, the intrepid CEO of Boom Supersonic, has his way, we might finally get a sequel to the Concorde, at least when it comes to speed.

"In aviation, not only have we not gone faster, we've actually gone slower" was his central refrain during an address held in a cavernous room at Exhibition Place, brows lifting from attendees, many of whom had battled airport Darwinism to get to Toronto. In this, the summer of flight plan conundrums — when a terror of travel has set in across continents — what this big dreamer from Denver, Colorado seemed to be offering was akin to water in the desert.

But, hey, it's not a mirage. Boom Supersonic recently rolled out an honest-to-goodness, IRL, demonstrator aircraft, the XB1, and a plane called the Overture, which goes into production next year and will cut flight times in half, compared to many commercial jets today.

Or as Scholl put it, "Amsterdam, four and a half hours from Toronto; New York, three and a half hours from London; Tokyo, four and a half from Seattle."

As the founder of what he calls the first private supersonic builder — one that some might remember from a recent "60 Minutes" profile — Scholl expects to have planes in the air by 2029. (A reason to hang on.) As a start-up, he has $14 billion in pre-orders, with United Airlines ordering 15 Overture planes just last year with an option to buy 35 more. (To put that in perspective, only 14 Concordes were ever in service.) He is thinking hundreds, if not thousands, of planes, all with 100 per cent sustainable aviation fuels and "all business class supersonic 65-seat airplanes."

I needed to know more — much more! — so I promptly caught up with Scholl after his talk. How was your flight here? I asked. Small talk that seemed more than apropos, given the context.

"Too slow," came back Scholl, who used to be a programmer for Amazon and looks like one — and/or like the nice dad at the swim meet.

Growing up in Ohio, he told me — not far from where the Wright Brothers designed the first plane, incidentally — there was a bit of foreshadowing for his future ventures. His parents took him, when he was about six or seven months, to the local airport, during which time he also had a little Fisher-Price airplane. Apparently this was "the first time I made a connection between a toy thing and a real thing," Scholl said.

As a kid, he dreamed of airplanes and often drew pictures of airplanes, though he never imagined a career in aerospace. For one main reason, he said, looking back: "We stopped doing inspiring things in the late 1960s (when things like Concorde and 747 came to be). And as an ambitious young person, who wanted to push the boundaries of what was possible, I went to work in tech."

An interest in flight never left him, however. In his 20s, he set a goal to fly a supersonic and even "put a Google alert to find out when I could." The time, it never arrived. "Where is the airplane that is going to pick up where the Concorde left off?" he wondered, the biggest hitch with the Concorde being that it cost too much. "I was 22 when it shut down. I didn't have $20,000 (in today's money) for a joy ride."

Fast forward to eight years ago — Scholl had had a couple of start-ups by then, the first of which he sold to Groupon — and his early obsession swelled again. "There's nothing like working on internet coupons that made me want to work on something that would matter to the world," he said laughing.

"So, I thought, OK. I don't know why supersonic jets are not happening, but I will research. And what I found was a space no entrepreneur had looked at seriously, recently — arguably, never." The Concorde, like Apollo 11, was a by-product of the Cold War.

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"What I found, too, was a bunch of stale conventional wisdom" — the kind that he thought needed to be turned on its head. He started reading, took an airplane design class, consulted a professor at Stanford, set forth on an ambitious hiring spree, began working with Rolls-Royce and others on engines. His mission kept growing, ever expanding.

What does it actually feel like to be flying at that speed? One had to wonder.

"Turns out it is entirely uneventful. Literally, passengers will not notice when they cross the sound barrier," Scholl said, speaking from his own experience after doing a test a few weeks ago. "If anything, they will notice the view outside the window is very different. They will see the curvature of the earth. And because weather is generally a lower-atmosphere situation, Overture actually flies above the weather as most jetliners do today."

Scholl is confident that the market bends to what he is building, in the same way that the Tesla started off as a car for a small number of people, but the cost profile went down as demand expanded.

"I don't know anyone who wants to spend more time on airplanes," he added, leaving with this crisp sign-off: "Only seven more years to welcome you all aboard."

Read Story (Subscription Required):
https://www.therecord.com/ts/entertainment/opinion/2022/07/09/blake-scholl-wants-you-to-come-fly-with-him-a-lot-faster-than-you-can-now.html?li_source=LI&li_medium=therecord_entertainment

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RESEARCH/THOUGHT LEADERSHIP/TECHNOLOGY/DIGITIZATION NEWS

Rate-Hike Shock Leaves Economists Doubting Bank Of Canada's Rosy View

Central Bank Governor Downplays Decision As 'Front-Loading,' But Experts Express Little Confidence In Soft Landing

By Theophilos Argitis and Erik Hertzberg, Bloomberg, July 14, 2022

https://www.wealthprofessional.ca/business-news/rate-hike-shock-leaves-economists-doubting-bank-of-canadas-rosy-view/368228?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20220714&utm_campaign=WPCW-Breaking-20220714&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8

Bank of Canada Governor Tiff Macklem's decision to deliver the biggest interest rate hike in a generation hasn't sapped his optimism about the nation's outlook.

Though he surprised markets by cranking up the policy rate by a full percentage point to 2.5%, Macklem tried to fuse his hawkish language around inflation with a soft-landing scenario as the most likely outcome in Canada.

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Economists say that will be a challenging feat.

Doing so assumes that the tightening cycle will be short-lived with rates barely moving into restrictive territory, and that the combination of high inflation and a weak housing market doesn't seriously derail consumer spending. The central bank still sees Canada's economy growing by 1.8% next year and 2.4% in 2024 -- a Goldilocks scenario.

The rosy outlook comes with a big risk. A wrong call on economic growth would be another blow to the central bank's credibility, which is already in question after repeated errors in forecasting inflation.

"A soft landing here is a bit like trying to parallel park a car at 60 miles an hour," Mark Wiseman, chair of Alberta Investment Management Corp., said on BNN Bloomberg Television. "You have to be not just a skilled driver, but an extremely skilled driver and a little bit lucky."

Preventing A Spiral

According to the Bank of Canada's new forecasts, the rate shock it just delivered will keep inflation expectations in check, restraining wage demands and price increases. That's projected to bring price pressures back down to near 3% by the end of next year -- removing the need to raise borrowing costs too far into restrictive territory.

Macklem told reporters after Wednesday, July 13's decision that the policy rate may only need to rise slightly above 3%, the top end of what the bank considers the neutral range, in order to prevent a wage-price spiral.

While acknowledging that "the path to this soft landing has narrowed" because of elevated inflation, he's been reluctant to speculate on the likelihood of a sharp downturn.

"Our goal is to get inflation back to its 2% target with a soft landing for the economy," he told reporters in Ottawa.

What Bloomberg Economics Says...

"A steeper set of inflation forecasts and stiffer price expectations in consumer and business surveys warranted following through on last month's threat to 'act more forcefully if needed.' Even after downgrading the growth outlook to 2.6% this year (vs 3.8% prior) and 1.8% in 2023 (vs 2.9% prior), the central bank may opt for another 100-basis point move in September." --Andrew Husby, economist

To some analysts, that's difficult to reconcile with tough talk on rates and inflation.

"Given the extremely aggressive rate hike, that more hikes are coming, and the multi-decade highs in inflation, the path to a soft landing for the Canadian economy may not be achievable," Benjamin Reitzes, a rates strategist with Bank of Montreal, said by email.

Markets emerged from the rate decision more convinced that the tightening will be accompanied by a sharper slowdown.

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The yield on sovereign two-year debt has jumped 16 basis points over the past two days, trading at 3.36% at 11:08 a.m. on Thursday, July 14 in Toronto. That's about 20 basis points higher than the 10-year yield -- an inversion in the curve that is a potential signal that investors anticipate that a recession is coming.

Trading in overnight swaps showed that expectations for the policy rate by the end of the year are at 3.75%.

To square his hawkish language on inflation with his growth outlook, Macklem introduced a new argument on Wednesday, July 13. He said that aggressive rate hikes now -- what officials call "front-loading" -- actually lower the likelihood of a recession and the need to chase escalating inflation expectations in the future.

"By front-loading interest rate increases now, we are trying to avoid the need for even higher interest rates down the road," Macklem told reporters on Wednesday, July 13.

Economists, though, appear to be more willing to assign a higher probability to a bigger slowdown.

"Recession is technically not the base case, but I do see it close to being a coin flip. You do have a lot of downside risk when it comes to housing," said Citigroup economist Veronica Clark, who now sees the central bank hiking the policy rate as high as 4%.

Focus Should Remain On Inflation Not A Recession

A Successful Fight Against Inflation Could Avert A Recession Or At Least Curb The Severity Of A Downturn, Writes David Olive.

By David Olive, Toronto Star, July 14, 2022

Fear of a recession has replaced historically high inflation as a chief concern in Canada.

Yet there's reason to stay focused on inflation, rather than a recession that many experts expect in 2023.

As even the most pessimistic experts on GDP growth acknowledge, most of the hardship Canadians will endure over the next year will be inflicted by continued above-average prices and not by the high unemployment and shrinking economy of a painful recession.

And to the extent that the business sector is holding back on investment, it's doing so largely because of rising prices and labour shortages, and not recession fears.

That suggests that a successful fight against inflation could avert a recession or at least curb the severity of a downturn.

And early reports on that front are encouraging, with prices already falling in several key sectors. More on that later.

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Last week alone, though, the Royal Bank of Canada (RBC), the Canada Mortgage and Housing Corporation (CMHC), and the Canadian Centre for Policy Alternatives (CCPA), a prominent left-leaning think tank, all warned of the likelihood of a recession next year.

That's a broad cross-section of expert analysis.

And a Maru Public Opinion survey last month found that most Canadians (68 per cent) think that Canada is heading for a recession in 2023.

Indeed, 17 per cent of survey respondents believe we are already in a recession.

For the record, the Canadian economy is robust, with strong GDP growth, record wage gains, and full employment.

The Conference Board of Canada this week forecast 3.5 per cent GDP growth this year and 2.6 per cent in 2023.

And in its June report affirming Canada's credit rating at AA+, Fitch Ratings describes a Canada with sound fiscal, monetary, and economic growth fundamentals.

But after a stretch of remarkable growth this year and last, the economy needs a breather. What that points to is an economic slowdown, or the "soft landing" the Bank of Canada (BoC) aims to achieve with its interest rate hikes, and not the inevitability of a recession.

Even those forecasting a recession next year predict a mild and short-lived recession, or back-to-back quarters of negative growth.

As noted, there's cause for optimism about making substantial progress in subduing inflation.

Oil prices are sharply down. The closely watched West Texas Intermediate (WTI) benchmark oil price has fallen by 22 per cent from its March peak.

GTA house prices have dropped by 11 per cent in the past four months, after a 33 per cent surge in the previous two years.

Ocean shipping rates have plummeted by about 40 per cent from their peak as supply-chain disruptions ease.

And world prices for grain, lumber, and other key commodities have fallen back from record highs earlier this year as demand has tumbled due to higher interest rates.

In the inflation fight, much depends on everyday Canadians continuing to spend on essentials but deferring big-ticket purchases that can be postponed.

And it depends on a BoC that has vowed to keep raising interest rates until inflation is back to its normal level of about two per cent.

The BoC's resolve is not to be doubted. By year's end, the BoC will have raised borrowing costs 13-fold in the short space of less than a year, including the whopping hike of one percentage point it announced on Wednesday, July 13.

Economic pessimists are no doubt spooked by the BoC's most aggressive rate-hiking cycle in modern times.

They have convinced themselves that the BoC will "overshoot," failing to unwind its rate hikes until the economy starts tanking.

And they have some history on their side. Many past rate-hiking cycles have been followed by recessions.

The BoC also has a credibility issue in having waited too long to commence its series of rate hikes in March.

Yet, that lack of faith is still hard to figure, given the BoC's record of keeping inflation at an average of two per cent from 1990 to 2019 — or what RBC Economics describes in its recent report as the BoC's "almost three decades of exceptionally effective inflation-targeting policy."

And that doesn't include the BoC's masterful engineering of soft landings in both the Great Recession and the epic pandemic downturn, with a big assist from expansionary fiscal policy.

Inflation is still the thing to keep your eye on.

The rest isn't just noise. But everything hinges on inflation.

That includes the high likelihood of declining GDP growth numbers in coming months. And the possibility of additional shocks such as an economically debilitating seventh wave of COVID-19 or more geopolitical upheaval on the scale of Russia's invasion of Ukraine.

If we see monthly inflation numbers in significant decline by year-end, down from the 7.7 per cent reported for May, we stand a good chance of avoiding a recession.

Which is still the way to bet.

Read Story (Subscription Required): https://www.thestar.com/business/2022/07/14/focus-should-remain-on-inflation-not-a-recession.html?source=newsletter&utm_source=ts_nl&utm_medium=email&utm_email=6D73923380F292A40DC042B455F0FDE3&utm_campaign=frst_134472

How Canada Can Emerge Stronger And Smarter From These Inflationary Times

High Inflation Is Already Making Significant Changes To Our Lives From Decarbonizing The Economy To Reinventing Our Approach To Housing, Writes David Olive.

Opinion by David Olive, Toronto Star, July 6, 2022

How will Canada's bout with inflation permanently change the way we live?

It's a question worth asking since the way we live today is heavily influenced by dramatic changes in our lives caused by the Great Inflation of the 1970s and early 1980s.

At a current 7.7 per cent inflation rate, the most recent measure by StatsCan for the month of May, our cost of living is rising at the highest level since 1983, the last year of the Great Inflation.

Our current experience with abnormally high inflation will change our lives too.

Indeed, significant changes are already underway, only eight months into our first brush with sustained high inflation in almost four decades.

The transition from fossil fuels to clean energy is accelerating in response to soaring prices for fuel and, in Europe, dire forecasts of fuel shortages.

The pace of "re-shoring," a.k.a. in-shoring, or developing local sources of goods, has also picked up in reaction to overlong supply chains.

And there are early signs of shifts in consumer behaviour, as shoppers begin to balk at high prices.

We are even rethinking the role of housing. Should we continue to regard a house as an investment rather than simply shelter?

There have always been experts to argue that renting frees up personal funds for more profitable investments than a principal residence. They are getting a wider hearing than ever. And urban planners warn that housing as an investment is culpable in the affordable housing crisis.

It's never wise to expect things to fundamentally change based on current conditions. After all, today's inflation is forecast to ease this fall and by next spring be at just half of its current level.

But abnormally high price levels will not end next spring.

After dropping to a range of four per cent to five per cent in the first half of next year, inflation will probably linger above the Bank of Canada's preferred level of around two per cent for another two or three years.

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And the longer it takes to achieve "price stability," the economists' term for consistent low inflation, the more likely the changes now underway will become permanent fixtures of our lives.

That's why the wretched period of the Great Inflation is instructive. It helped shape the way we live today and provides a heads-up on what we can expect coming out of our current inflation hardship.

The Great Inflation was a malaise that lasted almost a dozen years, from 1972 to 1983. The average inflation rate for that period was almost nine per cent, peaking at 12.5 per cent in 1981.

The term "stagflation" came into popular use to describe the runaway inflation, poor economic growth, and high unemployment of that period.

And what is the legacy of those miserable times?

We Learned How To Beat Inflation

In the early 1980s, central banks in Canada and the U.S. raised interest rates sky high to kill inflation. Doing so caused a deep but relatively brief recession.

The reward was more than three decades of price stability. Inflation in Canada averaged just 2.0 per cent between 1990 and 2019.

The central banks are now using that same powerful method to beat inflation, at the risk of triggering a mild recession next year. A 2023 recession may or may not be in the cards. But the eventual return to normal inflation in the 2.0 per cent range is a certainty.

RSPs Became The Rage

Invented in 1957, RSPs did not become widely popular until the Great Inflation, when annual contributions to RSPs increased more than 16-fold, to $3.9 billion. Inflation destroys the value of money. Canadians became determined to protect their wealth for retirement with tax-sheltered investment income.

Automation

Spiralling labour costs in the 1970s saw the first widespread automation of the manufacturing sector. It also saw a new trend of offshoring work to low-wage jurisdictions.

But automation also kept Canadian goods cost-competitive and southern Ontario attractive to foreign investment.

Today, Canada and the U.S. are at full employment, partly with the advent of Information Age jobs with better pay and job security.

Canadians embraced econo-cars, until then dismissed as toys. The Great Inflation ushered "land yachts" into the grave.

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We Became Even Savvier Shoppers

Walmart and Costco, with their everyday low pricing, came into their own in the 1970s, along with "off-price" retailers such as Winners. So did private label goods, or store brands, earlier rejected as being of inferior quality, but now seen to offer better value than national brands.

No one would wish for a Great Inflation, or today's painfully high prices.

But by forcing a re-examination of how we live, adversities have brought improvements of lasting benefit.

In decarbonizing our economy, in making Canada more self-sufficient in goods, in re-inventing our approach to housing, we stand a chance of coming out of these difficult times stronger and smarter.

Let's not waste it.

Read Story (Subscription Required): How Canada can emerge stronger and smarter from these inflationary times | TheRecord.com

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UPCOMING WEBINARS AND EVENTS

Made-in-Canada Life and Health Insurance Industry Orientation Boot Camp: LOMA's 2022 Insurance Immersion Virtual Program

Dates: September 12 - 15, 2022

1. CanCon: This made-in-Canada program provides a comprehensive overview of the Canadian market in these areas:

- Industry structure, players, and changing landscape
- Life insurance and wealth products, pricing, distribution, and sales
- Operations – new business, underwriting, customer service, and claims
- Regulation and compliance
- Finance and risk management

2. Expert Instructors: Taught by highly respected Canadian insurance leaders with over 125 years of combined industry experience, you'll benefit from their vast knowledge, experience, and insights.

3. Fast and Effective: Over 3-½ days, this intensive and interactive boot camp advances at a quick and efficient pace. The syllabus builds topics in a logical sequence to create a big picture view of the business. You'll participate in breakout group exercises, real-life case studies, and dynamic discussions to maximize your learning experience with the help of peer interaction.

4. Virtually Convenient: Delivered via Webex, it conveniently brings remote individuals together from any location for collaborative learning.

5. Great Value: The program fee is cost-effective and includes the classroom instruction, course materials, the Insurance Immersion Certificate, and the FLMI Level I Certificate in Insurance Fundamentals. You'll also get a chance to win coveted prizes (and bragging rights) for the activities. Plus, you'll save big if you register before the early-bird deadline of August 12, 2022!

Register Here