

## **CAFII ALERTS WEEKLY DIGEST: June 30 to July 8, 2022**

July 8, 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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## NEWS ABOUT CAFII MEMBERS AND/OR THEIR PARENT COMPANIES

### Canada's Stellar Unemployment Rate Is A Blessing For Banks And The Housing Market – But No One Seems To Notice

*Analysis by Tim Kiladze, The Globe and Mail, June 30, 2022*

A deluge of gloomy economic news is dominating headlines, and the prospect of a recession is on every central banker's radar, but beneath it all an undeniably positive development is hiding in plain sight – one that has an enormous impact on the country's financial system and housing market.

For all the economic chaos, Canada's unemployment rate has fallen to a record low.

That this metric is so often overlooked isn't all that surprising. Humans have a habit of gravitating to bad news and there's loads of it lately. Inflation is at its highest level in four decades, and central banks in Canada and the United States are hiking interest rates at their fastest clip since 1994. It doesn't take much to buy the narrative that financial ruin is just around the corner.

But the unemployment rate matters just as much for general economic health, and employment status is a crucial factor when banks determine if a client should get a loan. "Whether someone has a job or not is probably the most critical variable in most credit models," said Brett House, an economist who has worked at financial institutions and agencies such as the International Monetary Fund.

With unemployment sitting at 5.1 per cent, its lowest since Statistics Canada has been tracking the metric using its current methodology, credit is still flowing with ease and that keeps the economy humming.

As for the housing market, the unemployment rate helps to assess the outlook for all types of accommodations – not just homeownership. Rising mortgage rates tend to dominate discussions about the near future, but only 35 per cent of Canadians have a mortgage, according to the Bank of Canada. And of these, many have already paid down a large chunk of their principal, so their risk to the broader financial system is negligible.

Renters, meanwhile, account for 37 per cent of all accommodations, the largest of any group. Because they don't have mortgages, they are less affected by rising interest rates, but getting or losing a job will determine if they can make rent. Right now it is fairly easy for Canadians to find work, with the number of job vacancies crossing the one million mark in March, the most on record, according to Statistics Canada.

Of course, the mortgage market can't be completely discounted as a risk to the financial system. Mortgages comprise the largest block of assets on a bank's balance sheet and housing crashes can easily seep into the broader economy, causing a recession. Loan losses typically begin accumulating when an asset bubble bursts.

Yet, even here, unemployment is a crucial consideration, according to Bob Dugan, the chief economist at Canada Mortgage and Housing Corporation. Banks monitor the number of mortgages that are in arrears –another way of saying they aren't being repaid – and historical data show that rising rates aren't closely correlated with spikes in missed mortgage payments.

"What does drive arrears is when people lose their jobs," he said.

Mr. Dugan also noted that Canadian mortgages are often full recourse, which means lenders can seize assets if the money isn't repaid. For this reason, "people tend to default on their mortgages only as last recourse," Mr. Dugan said, and losing a job is a main driver for getting to this point.

Despite record-low unemployment, investors have been spooked of late and recession fears are weighing on stock prices. Banks are particularly vulnerable in this correction because of fears they will be hit with loan losses.

Until very recently, bank executives weren't saying much to counter these assumptions. But at the Canadian Imperial Bank of Commerce investor day this month, chief risk officer Shawn Beber stressed that loan delinquency rates continue to fall. "We're very comfortable with the [loan] growth that we've achieved," he said.

The strength isn't bank-specific. In its latest financial system review released in May, the Bank of Canada said the share of Canadians falling behind on consumer debt payments is around 2 per cent, which is close to the historical low.

Royal Bank of Canada chief executive Dave McKay, meanwhile, has gone one step farther, stressing that a hot job market serves as an important financial buffer. "Given low unemployment, rising wages and elevated liquidity, we believe the key ingredients are in place to help mitigate any sustained slowdown," he said on the bank's quarterly conference call in late May.

Read Story (Subscription Required): <https://www.theglobeandmail.com/business/article-employment-levels-recession-canada-big-banks/>

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## Banks Block Online Sale Of Cash ETFs That Compete With Bank Savings Products

*By Clare O'Hara, The Globe and Mail, July 4, 2022*

Some of Canada's largest banks are blocking online investors from buying high-interest-savings exchange traded funds, which compete with the banks' own lucrative deposit accounts.

The discount brokerage arms at Royal Bank of Canada, Bank of Montreal, and Toronto-Dominion Bank do not allow do-it-yourself investors to purchase high-interest-savings ETFs, also known as cash ETFs, or HISA ETFs. The funds, which are run by independent asset managers, mainly invest in pools of banks' high-interest savings accounts and deposits.

Investing in high-interest-savings ETFs offers investors liquidity, whereas the equivalent products at banks – savings accounts and guaranteed investment certificates – may have locked-in investment horizons, and can be slow to react to rising interest rates.

Mark Noble, executive vice-president of ETF Strategy at Horizons ETFs Management (Canada) Inc., said the company has never been able to get clear answers about why its HISA ETFs have not been listed to trade on the discount brokerages at some banks.

“Historically, we have never seen a discount brokerage in Canada choose to not have an ETF listed on their platform,” Mr. Noble said.

“Investors can buy an inverse bitcoin fund, a cannabis fund, or two-times leveraged funds without any barriers. But then are being told they are not able to purchase a cash ETF. It is as low risk as you can get.”

Dan Hallett, vice-president and principal with HighView Financial Group, said he finds it surprising that do-it-yourself investors aren’t able to buy low-risk cash ETFs at certain discount brokerages, even as “risky, leveraged ETFs have proliferated for more than a decade.”

“Discount brokerages that restrict access are allowing access only to their own proprietary savings accounts, which generally pay a lower interest rate than the net rate available from most cash ETFs,” he said. “In other words, they’re not allowing clients to invest in those cash ETFs so that they can raise more, cheaper deposit capital.”

Currently, there are six cash ETFs in Canada. They are: the Horizons Cash Maximizer ETF (HSAV-T), the Horizons High Interest Savings ETF (CASH-T), the CI High Interest Savings ETF (CSAV-T), the Purpose High Interest Savings ETF (PSA-T), the Evolve High Interest Savings Account Fund (HISA-NEO), and the Ninepoint High Interest Savings Fund ETF Series (NSAV-NE).

Management expense ratios for the category range between 0.05 per cent and 0.39 per cent, and the funds provide gross yield, before fees, of about 1.95 per cent.

Bank of Nova Scotia, Canadian Imperial Bank of Commerce, and National Bank of Canada sell the ETFs through their discount brokerages.

RBC spokesperson Kathy Bevan said in an e-mail that decisions about product selection on the bank’s discount trading platform are “carefully considered and reviewed regularly.” Any client who is interested in short-term retail deposits, she said, can access an RBC investment savings account, which is not a bank account but rather a short-term cash account that is available to all RBC Direct Investing customers.

TD spokesperson Derek Kirk confirmed that TD Direct Investing – Canada’s largest discount brokerage – does not allow clients to trade HISA ETFs. Instead, he said, TD directs clients to its TD investment savings accounts, which are CDIC-insured bank accounts.

Bank of Montreal spokesperson Jeff Roman confirmed in an e-mail that the bank does not sell HISA ETFs. For investors interested in savings, he added, the bank “currently offers a CDIC-insured high interest savings account” through its advisory and self-directed channels.

With rising interest rates, HISA ETFs have begun to see a bump in assets. In Canada, they have recorded more than \$1.6-billion in sales in the first half of the year, according to data provided by National Bank Financial. HISA ETFs had \$7.8-billion in total assets under management as of June 30.

In comparison, high-interest savings accounts in Canada had about \$541-billion in assets as of December 2021, according to research provided by Investor Economics, a unit of ISS Market Intelligence. The Big Six banks account for over 75 per cent of that business.

Another \$588-billion sits in guaranteed investment certificates, a type of savings product that typically provides locked-in rates for set periods of time. GICs are one of the fastest growing product categories in today’s interest rate environment, according to Carlos Cardone, senior managing director at Investor Economics. Almost half of the balance held in GICs is at the Big Six banks.

Mr. Cardone said that while growth in high-interest savings accounts slowed to about 5 per cent in 2021, as investors chased higher returns in the stock markets, early evidence suggests that more recent market volatility may have resulted in much faster savings account growth in recent months.

“The product category had been in net redemptions since rates dropped early in the pandemic and is now staging a major comeback,” Mr. Cardone added.

Mr. Hallett said most banks were slow to raise their rates this year on certain savings accounts as interest rates climbed, because of the large captive audience in those products.

“They would have likely responded sooner had they actually been competing with each other and these ETFs,” he said.

Read Story (Subscription Required): <https://www.theglobeandmail.com/business/article-banks-block-etfs/>

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## **COVID-19 PANDEMIC RESILIENCE AND RECOVERY NEWS**

### **Ontario's Seventh Wave Of COVID-19 Is Here, Top Doctor Confirms Amid Exponential Growth**

*By Shanifa Nasser, CBC News, July 6, 2022*

<https://www.cbc.ca/news/canada/toronto/ontario-COVID-19-ba5-wave-1.6512283>

Ontario has officially entered its seventh wave of COVID-19, driven this time by the Omicron BA.5 sub-variant, the province's top doctor has confirmed.

"Sadly, yes, we're in another wave," Dr. Kieran Moore, the province's chief medical officer, told CBC News on Wednesday, July 6, after Ontario's COVID-19 science advisory table pointed to exponential growth in most public health units.

Moore says the province is now reviewing further eligibility for booster doses and that a decision on that will be coming soon.

The BA.5 sub-variant has been rising slowly since early June but really started to "take off" mid-month, becoming a dominant strain, Moore said. Ontario can likely expect another four to five weeks in this wave, which is now in about its third week, he said, adding infections are expected to increase over the next 10 days before beginning to slow.

The new wave comes amid the summer months when many are spending more time outdoors — something that would have otherwise been expected to help curb the spread of transmission, raising questions about what will happen as more people head indoors later in the year.

"Lots of unknowns for the fall but I can assure all Ontarians we're preparing for it," said Moore.

"We may ask Ontarians to wear masks as we go indoors into the fall and we may mandate it if our health system has too many people getting admitted, too many people waiting in emergency departments... All of us want to maintain our health system capacity."

In a series of tweets on Wednesday, July 6, the science table pointed to several key indicators which signal the beginning of a wave, little more than a month after the end of most public health measures, including mask mandates.

### **Test Positivity Above 10% For First Time Since May**

For the first time since May, the test positivity rate is above 10 per cent, with wastewater signals rising across the province overall and within most regions, the science table says.

Around 80 per cent of public health units are seeing exponential growth in cases, though the group says the actual reproduction number is hard to nail down since the province moved to limit PCR testing.

On top of that, Ontario is seeing its first increase in COVID-19 hospitalizations since May, with the number of people admitted for the virus higher than at any time last summer.

The latest numbers tracked by the science table show that as of June 29, 605 people were hospitalized as a result of the virus. That's an increase of 89 people from the week before.

An estimated six people per day died from the virus as of July 3, up from three the week before, the group says.

Indications of a new wave in Ontario come as several G10 countries have already seen a jump in cases driven by Omicron sub-variants, including France, the U.K., Italy, Belgium, and Switzerland, among others.

### Get Third Doses 'Now' If You Haven't Already, Advisory Table Says

Ontario's science advisory table says that current evidence does not suggest BA.5 is more severe than the strains that drove previous waves or that it will lead to the level of hospitalizations seen at earlier points in the pandemic.

"However, any surge comes at a time when hospitals are already dealing with staff shortages and record wait times — this impacts all of us," the advisory table said.

"And if BA.5 spreads widely, we may see a rise in deaths among higher risk groups such as the elderly, as was observed during the previous waves."

The group advises anyone in a crowded indoor public setting to wear a high-quality mask and to ventilate as much as possible by opening doors and windows for air flow.

Anyone over the age of 18 who hasn't had a third dose of a COVID-19 vaccine should "get it now," the advisory table says.

Anyone age 60 or over or immune-compromised should also take their fourth dose now, it says, noting that while updated vaccines targeted to newer variants might be available this fall, "it makes sense to get the vaccines you are eligible for now."

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## 'Be Prepared For Delays At Any Point': Canada Not Flying Alone In Worldwide Travel Chaos

*By Michael Lee, CTV News, July 3, 2022*

<https://www.ctvnews.ca/canada/be-prepared-for-delays-at-any-point-canada-not-flying-alone-in-worldwide-travel-chaos-1.5972450>

As Canadian airports deal with their own set of problems amid the busy summer travel season, by no means are they alone.

Long lineups, cancelled flights, delays, and lost luggage are issues infiltrating not just Canada's major airports but those in other countries as well, one travel expert says.

"We're seeing the exact same issues happening at all major airport hubs around the world," Jennifer Weatherhead, founder of [travellandstyle.ca](http://travellandstyle.ca), told CTV News Channel on Sunday, July 3.

"So Europe is facing a lot of these issues, the U.S. is definitely facing a lot of these issues, not just with flight delays but also with the cancellations, because they're saying they don't have enough pilots sometimes to fill up these flights and get people from place to place. So it's a bit of an issue all around the world and I would keep that in mind."



Weatherhead advises travellers to get to their departing airports as early as possible and check that their travel insurance covers trip cancellations, interruptions, and lost or stolen baggage.

"Be prepared for delays at any point," she said.

The aviation industry cut thousands of jobs during the COVID-19 pandemic as demand for travel plummeted. Now, with COVID-19 restrictions lifted in many jurisdictions, demand for travel has rebounded but staffing levels have not kept pace.

Travel in the U.S. has been particularly strained recently due to the Fourth of July holiday weekend, with airports seeing their largest crowds since the pandemic began more than two years ago.

The tracking site FlightAware reported more than 6,800 flight delays and another 587 cancellations at U.S. airports on Friday, July 1 and more than 2,200 delays and 540 cancellations recorded as of late Saturday morning, July 2.

Airlines including Delta, Southwest, and JetBlue have pared down their summer schedules to avoid further issues, something both Air Canada and WestJet have done, as well.

Outside North America, a technical breakdown on Saturday, July 2 left at least 1,500 bags stuck at Paris' Charles de Gaulle airport, with 15 flights departing without luggage.

Airport workers are also on strike in France, demanding more hiring and pay to keep up with global inflation. Aviation authorities cancelled a number of flights as a result.

In Amsterdam, the city's Schiphol Airport announced last month that it would limit the number of travellers departing each day to prevent long queues and missed flights.

The airport also is advising travellers to arrive no more than four hours before their flight to ensure a "smooth flow" at check-in counters and security.

Richard Vanderlubbe, an Association of Canadian Travel Agencies director and president of tripcentral.ca, told CTV News Channel on Saturday, July 2 that if a pilot or crew calls in sick, an airline has to scramble to find a qualified pilot for that particular aircraft.

Many people also left the airline and travel industry for other "safer havens," he said.

"Of course, when we were on restrictions and had all these restrictions for so long, expecting that things are going to come on like a light switch, its not very realistic," he said.

Justus Smith told CTV News Channel on Sunday, July 3 that he booked a flight from Regina to Boston but had his connecting flight through Toronto cancelled on June 25.

He got a flight for the following morning and chose to spend the night at the airport.



Even though he was 13 hours early, Smith says he couldn't get through customs more than four hours before his departure.

Smith says he eventually missed his flight after being delayed at customs and security.

He eventually got to Boston but says he didn't receive his checked-in luggage.

Now a week later, Smith is still waiting to get his bags.

"I spent the week at a professional development course. I was the only one with shorts and a baseball cap because I didn't have clothes," he said.

Despite the situation, Smith did credit the airport staff for the work they're doing under difficult circumstances.

"The individual airport workers, they're amazing. Everyone's doing the best they can," he said.

"You see a lot of angry customers. It makes no sense to get angry. It's frustrating, but you can't take it out on the staff."

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## Is The Worst Yet To Come At Airports? Strikes, Work Action And Labour Shortages Could Disrupt Travel For Months, Unions Warn

*Across The Air Industry, Thousands Of Workers Are In Bargaining, And Without Better Pay And Working Conditions On The Table, The Troubles May Be Just Beginning, Industry Leaders Say.*

*By Rosa Saba, Toronto Star, July 6, 2022*

As delays and cancellations continue to plague Canadian air travellers, advocates say low wages and poor working conditions could be the final straw for many workers in the industry, leading to ongoing labour shortages and the potential for strikes or work actions in the coming months.

Rena Kisfalvi, who leads the Canadian Union of Public Employees local representing about 1,000 Sunwing flight attendants, said it's clear that the ongoing chaos in airports is linked to staffing struggles across the industry, struggles she said aren't being addressed.

"I just don't see an end to it. It's going to be a slow rebuild," she said.

Many workers are on the brink of quitting an already understaffed industry, said Kisfalvi, and conditions have worsened for those left behind. Without better pay and working conditions on the table from employers and the government, she thinks strikes and work actions will become more common in the air transportation industry in the coming months.

"This is the boiling point," she said.

Across the air transportation industry, thousands of workers are currently in bargaining, including security screeners at multiple airports, WestJet clerks at two airports, and Canada Border Security Agency officers.

David Lipton with the United Steelworkers union, which represents around 2,000 airport security workers, said the union's members are in bargaining at several airports, including in Ottawa, where a recent offer was rejected by workers because it didn't offer a high enough wage increase.

In this tight labour market, many workers are leaving for other jobs, said Lipton, while those remaining are overworked and underpaid.

It's not yet clear what strike action by the screeners could look like, he said — it's up to the Canada Industrial Relations Board to determine how much of their job is considered essential. So if workers do vote to strike, it may be a partial strike or other type of work action if they are considered too essential to fully walk off the job, said Lipton.

Security screeners represented by Teamsters Canada are also up for bargaining at the Winnipeg and Edmonton airports.

At the Vancouver airport, screening agents are in a "very tough" round of bargaining, said Dave Flowers, president of District 140 at the International Association of Machinists and Aerospace Workers, which represents some 4,000 airport security workers in B.C. and Ontario.

The employer, Allied Universal, which is a contractor for Canadian Air Transport Security Authority (CATSA), has offered zero wage increase for the first year of the contract, said Flowers. Meanwhile, he said pay and working conditions are leading to difficulties retaining workers. Recently, screeners held a rally outside the airport to demand better pay and conditions.

Allied did not provide a response by publication time.

A spokesperson for GardaWorld, the contract employer for screeners in Calgary, Ottawa, Edmonton, and Winnipeg, said the company is working diligently to ensure effective hiring and training.

"The staff shortages experienced in May have been addressed through successful recruitment over the past six weeks," they wrote in an email.

A CATSA spokesperson said the agency respects the bargaining process, and said negotiations "don't affect the security screening of passengers at the airport."

John Gradek, a former Air Canada executive and head of McGill University's Global Aviation Leadership Program, said that over the past decade, the use of subcontractors has increased in the air transportation industry, resulting in lower wages.

Now, after COVID-19 layoffs, the industry is caught in a panic trying to rehire, said Gradek, but also trying to retain workers in an increasingly difficult job and tight labour market.

“The competition for people is intense,” he said.

And it’s not only security screeners that are asking for a better hand.

Leslie Dias, director of airlines for Unifor, said there are shortages of all kinds of workers across the air transportation industry, born of long-time systemic problems that have now hit a crisis level.

But with unemployment in Canada at a record low, workers now have more power, said Dias.

Unifor covers more than 16,000 workers across the air transportation industry, including pilots, ground handlers, and air traffic controllers. (Unifor also represents workers at the Toronto Star.)

Some employers in the industry are raising pay outside of collective agreements, said Dias, which she characterized as rare. In bargaining, some workers are getting substantial increases, she added, such as a recent collective agreement signed with Airport Terminal Services that saw a \$5 wage increase for those workers.

But for other workers, the dial isn’t moving, said Dias. For example, WestJet agents in Calgary and Vancouver, who are currently in bargaining, haven’t seen their pay scale increase since 2017, she said, except for when the federal minimum wage went up, exceeding their starting wage. They top out under \$24 an hour, compared to around \$30 for the same role at Air Canada, said Dias.

Jim Stanford, economist and director of the Centre for Future Work, said it’s clear that the industry isn’t doing enough to improve the jobs on offer.

A July report by Stanford’s Centre found that in the transportation industry overall, wages have declined slightly over the past year, and inflation has taken an even bigger bite out of purchasing power. And as the industry ramps up to meet demand, the job is getting harder. This Tuesday, July 5, CUPE put out a statement condemning “mounting verbal and physical abuse against flight attendants and other airline workers” as airline delays and cancellations continue.

“It must be hell to work in an airport these days,” said Stanford.

Whether these workers are able to strike if bargaining sours depends upon the role and the judgment of the labour board and the government, said Stanford. But one thing is for certain: workers have high expectations.

“Airlines and other employers ... are going to have to come to the table big time, or we will absolutely see significant work stoppages and even more chaos in air travel,” he said.

The WestJet agents will take a strike vote this summer if the employer’s offer doesn’t improve, said Dias.

A WestJet spokesperson told the Star that the airline is preparing for a potential work stoppage at the Calgary and Vancouver airports, looking at possible re-assignments to cover for striking workers so that guests don’t experience disruptions.

During the pandemic, some workers already got better deals — for example, in 2021 more than 3,000 WestJet cabin crew ratified their first collective agreement with CUPE 4070, a five-year agreement that includes wage increases and significant movement toward industry-standard scheduling and pay calculation rules, according to the union. Later that same year, the union reached agreements with Swoop and WestJet Encore.

According to Gary Russell, chair of the Air Canada Pilots Association, the 4,200 pilots whom the union represents are under a collective agreement that ends in 2023, as well as a 10-year framework agreement that provides a two per cent annual wage increase, but removes the right to strike.

However, an area of concern for the union is the pay for pilots in their first four years of service, Russell said in an email. Despite years of experience and the cost of becoming a pilot, pilots in their first year at Air Canada earn less than \$60,000, he said.

Air Canada has taken steps to increase compensation for some employees during this time, said spokesperson Peter Fitzpatrick in an email.

“We have taken steps to increase compensation given the extraordinary efforts of our employees to serve our customers in the face of industry challenges. Among other things, we have increased starting wages for baggage handlers, flight attendant compensation has been changed to allow for aircraft gate holds, and we are paying additional overtime for airport and call centre employees,” he said.

Read Story (Subscription Required): <https://www.thestar.com/business/2022/07/06/is-the-worst-yet-to-come-at-airports-with-workers-at-a-boiling-point-strikes-work-actions-and-labour-shortages-could-disrupt-travel-for-months-unions-warn.html>

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## Canadian Airlines, Airports Top Global List Of Delays Over The Weekend

*By Christopher Reynolds, The Canadian Press, July 4, 2022*

<https://www.ctvnews.ca/business/canadian-airlines-airports-top-global-list-of-delays-over-the-weekend-1.5973319>

Canadian airlines and airports claimed top spots in flight delays over the July long weekend, notching more than those of nearly any other country around the world.

Air Canada ranked No. 1 in delays on Saturday, July 2 and Sunday, July 3 as two-thirds of its flights - 717 trips in total - landed late, according to tracking service FlightAware. At 67 per cent on Sunday, July 2, it was more than 14 percentage points above the three carriers tied for second place, two of which are Air Canada-affiliated.

Jazz Aviation - a Halifax-based company that provides regional service for Air Canada - and the lower-cost Air Canada Rouge both saw 53 per cent of flights delayed, putting them in the No. 2 spot alongside Greek regional carrier Olympic Air on Sunday, July 3.

On Saturday, July 2, WestJet and its budget subsidiary Swoop placed third and fourth at 55 per cent.

On the airport front, Toronto's Pearson claimed the No. 2 spot on Sunday, July 3, after 53 per cent of departures were held up, below only Guangzhou's main airport in China. Pearson, Air Canada's main hub, beat out Charles de Gaulle airport in Paris and Frankfurt Airport in Germany.

Montreal's airport placed sixth on Sunday, July 3 at 43 per cent of takeoffs delayed, on par with London's Heathrow, according to FlightAware figures.

Air Canada said last week it will cut more than 15 per cent of its summer schedule, or nearly 10,000 flights in July and August, affecting hundreds of thousands of passengers as the country's aviation network sags under an overwhelming travel resurgence.

Bookended by statutory holidays in Canada and the U.S., the weekend saw scenes of long lines and luggage labyrinths flood social media as airports across the globe grappled with the start of peak travel season following two years of pent-up demand.

Passenger flow at Canadian airports is already at 2019 levels during peak times, though closer to 80 per cent of pre-pandemic volumes overall, experts say.

"This is going to be with us all summer," said Helane Becker, an airline analyst for investment firm Cowen.

"Almost every airline encouraged people to retire early or take leaves. And those people that retired early maybe don't want to come back to work," she said of airline employees.

"It's hard to rebuild off those lows."

Some pilots have not yet had their licences renewed, while positions with ground crews and baggage handlers remain unfilled - or quickly vacated - due to low wages and stressful work conditions, unions say.

Government agencies have been on a hiring spree for airport security and customs, with 1,000-plus new security screeners in Canada in place since April - though not all have clearance to work the scanners - according to the federal Transport Department.

Air Canada has hired more than 2,000 workers at airports and more than 750 in customer service centres this year for a payroll surpassing 32,000 - 93 per cent of 2019 levels.

"The airlines also used the pandemic to eliminate aircraft types from their fleet, and to ground and retire their oldest aircraft. It's hard to bring these aircraft back once you park them without doing a lot of maintenance," Becker added.

"As demand continues to surge, we're basically looking at an inability for the airlines to easily accommodate it. And I think that's true worldwide."

In a memo obtained by The Canadian Press, Air Canada CEO Michael Rousseau warned staff on Wednesday, June 29 that “this Canada Day weekend will be difficult.”

The schedule streamline likely won't have the airline “see the full benefit until the latter part of July,” he said.

In an email to passengers the same evening, Rousseau apologized for cancellations and “customer service shortfalls” but also said that the flight reduction stemmed from strains on the “global aviation system,” calling them “unprecedented and unforeseen.”

Since January, Canada's two biggest airlines or their affiliates have made up five of the top seven airlines for the proportion of flights delayed, according to FlightAware.

WestJet's Swoop ranks No. 2 at 50 per cent and Air Canada sits in seventh at 43 per cent. Regional subsidiaries WestJet Encore, Air Canada Rouge, and Jazz Aviation fall in between.

The swelling crowds at international arrival areas prompted the Greater Toronto Airports Authority's fire chief to issue a directive that warned of a potential “hazard” caused by clogged exits and “life safety concerns.”

“Passenger congestion in the Arrival Transfer levels of Terminal 1 and Terminal 3 continues to exceed acceptable levels at certain times, which is due in part to some air carriers not following the Hold Procedure that is in effect for the purpose of maintaining safety in the terminal buildings,” warned Todd Aitken in an order dated June 23 and obtained by The Canadian Press.

On top of bottlenecks at security and customs checkpoints, Air Canada continues to point to limitations on the number of flights “imposed by air traffic control in both Canada and the U.S. that force airlines to make last minute cancellations.”

And WestJet said in a news release that it has stabilized its operation “to prevent reactive cancellations.”

“However, there remain significant operational challenges across the Canadian aviation ecosystem that can fall outside of our control, contributing to delays.”

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## Air Canada Temporarily Bans Pets From Baggage Hold Over Delays

*By Allison Lampert, Reuters, July 6, 2022*

<https://www.ctvnews.ca/business/air-canada-temporarily-bans-pets-from-baggage-hold-over-delays-1.5976893>

Air Canada said on Wednesday, July 6 that it will not allow animals in the baggage hold until September 12 due to “longer than usual” delays at airports, as carriers and airports wrestle with complaints over lost luggage and long lines.

Airlines in Europe, the United States, and Canada are cancelling and delaying flights due to staffing shortages, as aviation struggles with a stronger than expected surge in traffic after a pandemic-induced slump.

Passengers at airports from Toronto to Frankfurt have been sharing photos of piled-up luggage near baggage belts on social media.

"Due to longer than usual airport delays, and for the safety and comfort of pets, we will not be accepting new requests for pets traveling in the baggage compartment until September 12, 2022," Air Canada said in an emailed statement. Current pet bookings will be honored, it said.

Earlier this month, Canadian broadcast network CTV News reported that a dog flown by a different carrier had been left at Toronto Pearson International Airport with baggage for about 21 hours.

Air Canada's smaller rival WestJet Airlines said that it will continue accepting animals.

Canada's largest airline recently said it would cut flights by 15 per cent in July and August, with the changes on largely domestic routes going into effect on Wednesday, July 6.

A spokeswoman for Pearson, Canada's busiest airport, said it is "still assessing the impact of these reductions."

According to data from FlightAware, around 70 per cent of Air Canada's U.S. flights were delayed over the long holiday weekend, the highest proportion of any carrier. Air Canada is the largest foreign carrier in the United States.

In a June 29 letter to customers, Air Canada CEO Michael Rousseau apologized for flight cancellations and customer service shortfalls.

Earlier on Wednesday, July 6, a senior United Airlines executive said that the U.S. aviation system is expected to "remain challenged this summer and beyond."

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## As More Flights Are Cancelled, Passenger Rights Advocates Say Some Airlines May Not Be Fulfilling Legal Obligations

*Air Passenger Protection Regulations (APPR) Apply In Many Cases, Expert Says. Air Canada Responds That The Airline Will Meet Its Obligations Under APPR.*

*By Joshua Chong, Toronto Star, July 5, 2022*

Just one day before her scheduled flight home to London, Ontario from Charlottetown, PEI, Denise Love received an email from Air Canada that no traveller wants to get: the second flight on her itinerary — from Toronto to London — had been cancelled.



The last-minute news threw a wrench in Love and her husband's travel plans. Still, the couple hoped to make it home the next day. They would fly into Toronto Pearson as scheduled and take a bus to London.

But when they arrived at the airport, the couple received even worse news from the Air Canada check-in agent: their entire itinerary had been cancelled and moved from Sunday to Tuesday, without notification, because the second leg of their trip had been cancelled.

It didn't make sense to Love. She was under the impression that her flight from Prince Edward Island to Toronto was unaffected. She even continued to receive updates from Air Canada about the first leg of their trip.

"I had a boarding pass and everything, but I still couldn't get on my flight," she told the Star. "Apparently, if the system sees that you can't get to your final destination, which is London, they automatically cancel you and try to rebook you on something else."

When Air Canada announced it was slashing its flight schedules in July and August by around 15 per cent to reduce passenger volumes and mitigate airport delays, it upended the summer travel plans of tens of thousands of passengers.

With flights continuing to be cancelled — some passengers say they were notified less than 48 hours in advance — passenger rights experts warn that some airlines may not be fulfilling their obligations under the law.

"Most of the cancellations we are dealing with now are within the carrier's control," said Gábor Lukács, a Canadian air passenger-rights advocate. "This is not a volcanic eruption, a bird-strike, or a snowstorm."

"The airlines have failed to ensure that there is capacity at all levels to operate those flights, on which they knowingly sold tickets."

In many circumstances, the Air Passenger Protection Regulations (APPR) apply, said Lukács, adding that airlines are obligated to rebook passengers on a flight to their destination within nine hours of their original departure time. If that's not possible, the APPR states airlines must book affected passengers on a flight operated by any other carrier to their destination within 48 hours.

If airlines do not abide by the APPR, Lukács said travellers should file a complaint to the carrier via email. If that is unsuccessful, customers should bring the airline to a small claims court.

In a statement to the Star, Air Canada spokesperson Peter Fitzpatrick said the airline will meet its obligations under APPR.

Customers are notified automatically when flights are cancelled and are being rebooked immediately, where possible, the statement said.

Most affected flights are to and from Toronto and Montreal, Air Canada said in the statement, noting that, except for a limited number of flight time changes, international flights are unaffected.

Love and her husband couldn't afford to stay in Charlottetown for two additional days to catch the next Air Canada flight. Love's husband uses a wheelchair, so it would have been difficult to find accessible accommodations on short notice. Love was also concerned the Tuesday flight to Toronto would also be cancelled at the last minute after Air Canada announced flight reductions for that route.

So they booked a Flair Airlines flight from Charlottetown to Kitchener, where they stayed the night and rented a car to drive home to London on the Monday. In total, the couple spent \$1,200 out of pocket for the new flight, car rental, hotel, and gas.

Air Canada said it will fully refund their tickets, according to Love, but it could take six to seven weeks.

"I was very shocked with the process," said Love, adding that she felt sad for the airport employees who were overwhelmed with requests. "It takes the vacation out of the vacation."

Ambarish Chandra, an associate professor of economics at the University of Toronto, said the airline industry has never before experienced this surge in demand, resulting in forced flight reductions.

"We're seeing the strains of re-opening," he said. "You can't just flip a switch and expect things to come back to life overnight."

Chandra expects airport staffing issues should be resolved by Labour Day. However, he warns that travellers could see a repeat of the chaos in December if airlines do not hire and train an adequate number of employees to handle the end-of-year wave of holiday travel.

"It's important that airlines, but also the government, realize that this is something to prepare for," Chandra said.

Beth Potter, president and CEO of the Tourism Industry Association Of Canada, of which Air Canada is a member, said airlines and government agencies are adding additional staff to cope with the surge in travellers, but noted it will take time for those additions to be felt.

"They do need the training time and the familiarization time to get the processes smooth and working the way that we anticipate," she said, adding that travellers should "pack their patience" this year and be kind to workers in the travel and hospitality industry.

Read Story (Subscription Required): [As more flights are cancelled, passenger rights advocates say some airlines may not be fulfilling legal obligations | The Star](#)

## Cuts To Air Travel In Canada Are An Admission That This Crisis Won't Be Over Soon

*Opinion By Ambarish Chandra and Duncan Dee, Contributed To The Globe and Mail, July 4, 2022.*

*Ambarish Chandra is an economics professor at the University of Toronto whose research examines airlines, travel and trade. Duncan Dee is a former chief operating officer at Air Canada who was appointed by the minister of transport as the air transportation lead on the panel that reviewed the Canada Transportation Act in 2016.*

<https://www.theglobeandmail.com/opinion/article-cuts-to-air-travel-in-canada-are-an-admission-that-this-crisis-wont-be/>

Air Canada's recent announcement that it will cut more than 15 per cent of its flights in July and August – followed by WestJet's own "measured" reduction and reports that Montreal's airport is contemplating reductions to both "frequencies and destinations" – constitute a remarkable acknowledgment that the current delays, disruptions, and cancellations at airports and airlines will not end soon.

Other airlines around the world have announced significant cancellations in recent weeks, too, showing that the global airline industry could not simply be placed into suspended animation during the COVID-19 pandemic and be expected to spring back to normal, especially amid increased regulations.

As we have written previously, this situation has multiple causes, not all of which were under the control of airlines or governments around the world. It is now obvious that massive labour shortages and post-pandemic supply chain disruptions are affecting every industry, so it should not be surprising that these are affecting airlines disproportionately. The logistical complexities of modern airline travel require a seamless interplay between passengers, airlines, and governments, and while the industry often takes for granted smooth operating decisions and intricately choreographed processes at every airport, problems at any one of these links have cascading effects.

For example, a delay in processing incoming passengers at one airport – caused either by a shortage of customs officers or baggage handlers – will result in missed connections for passengers and their bags, which in turn will require re-bookings and greater pressure on flights to other destinations, along with increased demands on customer service agents and baggage handlers. Problems can then spiral if, for example, employees under greater pressure are more likely to call in sick, refuse overtime, or quit. Due to already thin profit margins, airports and airlines operate with very little slack even in the best of times, which is why air transportation systems can fail during peak periods.

It is apparent that both airlines and governments underestimated the desire of travellers to resume normal travel, and neither one was prescient enough to hire more staff in anticipation. For example, while Air Canada retained 97 per cent of its pre-pandemic workforce to operate 80 per cent of its pre-pandemic schedule, that buffer was clearly insufficient given the tremendous delays caused by government service failures. Meanwhile, the unprecedented delays plaguing passport offices highlight another way in which Canada's government was apparently caught unprepared for the resumption of travel.

It remains baffling that the government is not now moving faster to eliminate bureaucratic procedures. Canada was one of the last countries in the world to drop vaccination and mandatory testing requirements for passengers, but the ArriveCan screening app remains in force, as does the random testing of international arriving travellers. The Canadian Air Transport Security Authority also continues to insist on arcane screening procedures such as requiring liquids to be placed in special plastic bags, processing flight crews the same way as regular passengers, and refusing to implement a trusted traveller program for pre-board passenger screening.

Given these ongoing issues, Air Canada and WestJet appear to have calculated that it is better to rip off the Band-Aid and announce large-scale, proactive cancellations now, rather than endure a steady drip of airport horror stories and subject passengers to the frustrations caused by last-minute cancellations.

Although the news of these cancellations is dramatic, it is unlikely to negatively affect Air Canada or WestJet's brand in the long term, given that airlines and airports are struggling worldwide. In fact, now that these announcements are behind them, the airlines have demonstrated that they are prepared to do their part to ease the strain on the air transportation system. It's now up to other partners – most importantly governments – to do their share.

For passengers, though, promises of better days ahead are of little consolation when long-planned vacations have been irredeemably altered. Some Canadians who have already booked travel will face cancellations and forced itinerary changes. Those yet to book will see fewer flight options and potentially higher fares. Given the seasonality of Canadian air travel, things will likely improve after Labour Day and slowly return to normal, but with the Thanksgiving and Christmas travel rushes soon after, the next major strain on an already stressed air transportation system will be just around the corner. Airlines, airports, and governments would be wise to learn lessons now to work more effectively together for smoother travel in the months and years ahead.

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## How To Find Cheaper Flights This Year As Airfares Soar

*By Christopher Reynolds, The Canadian Press, July 7, 2022*

<https://www.ctvnews.ca/lifestyle/how-to-find-cheaper-flights-this-year-as-airfares-soar-1.5978120>

For those who remain undeterred by the daunting lines and flight delays at Canadian airports, questions remain about how to save money on air travel amid mounting fuel costs and inflation.

Airfares -- often the biggest line item on a vacation -- jumped 11.6 per cent year-over-year in May, according to Statistics Canada. Tickets are now above pre-pandemic levels, up 15 per cent from 2019 to \$960 on average for international flights from Canada, says Montreal-based Hopper Inc., with no sign of a dip in the coming months.

"Airlines are raising ticket prices to cover higher fuel and labour costs," said Helane Becker, an airline analyst for investment firm Cowen.

Flexibility is helpful when looking to save cash, since the times you choose to book and travel -- and which airport you take off from -- can play a key role in the cost.

Weekends are often pricier, and flights scheduled early in the morning and late at night are frequently cheaper, as fewer folks want to fly then, said Duncan Dee, former chief operating officer at Air Canada.

"Don't plan to leave on the first few days after the school year ends ... and also don't return home on the weekend before Labour Day, because that's going to be a huge demand weekend," he said.

Dee also recommends travelling in the off-season rather than peak summer months, or to consider less sought-after spots. "Latin America, for example -- our summer is their winter, and a Southern Hemisphere winter ... is very pleasant," he said.

"Paris in the summer or London in the summer -- that equals high airfares, high hotel prices, and fully booked restaurants."

Booking one to three months in advance for local flights and three to four months for international ones may also yield cheaper fares, he added. However, "dynamic pricing" means there are no hard and fast rules, as algorithms respond to demand and booking curves on the fly.

"Many consumers will report being quoted one fare and a totally different -- higher or even lower -- if they search an hour later," Dee noted.

One way around attentive algorithms are alternative airports. Those in Hamilton, Ontario, Buffalo, New York, Plattsburgh, New York, and Bellingham, Washington can present more palatable prices and fewer delays.

But voyages within Canada may be the safest option, and the softest on the pocketbook. The average one-way domestic fare was \$159 in May, down from \$168 in May 2019, according to data from Cirium, an aviation analytics company.

"International travel, outside of North America is just really a crapshoot," said McGill University aviation lecturer John Gradek, pointing to a friend's recent trip.

"To get a car rental in Italy -- a little gas car, a Fiat -- and a mini-house for him and his wife and his two daughters for one week was \$1,200 (per day) -- plus \$200 a day for the car rental," he said.

"If you're going to go to Europe, you've got to really want to go."

Gradek recommends classic Canadian getaways this summer. "Go to Banff, go to the Rockies, go visit Peggy's Cove."

In Ontario, several cities are offering to reward tourists for overnight stays. Ottawa, Kingston, London, and Guelph are among the municipalities promising to hand out gift cards of up to \$100 or to ensure a night's stay on the house at participating hotels.

Those incentives come on top of Ontario's staycation tax credit, which grants up to \$200 in credit per person for travel within the province.

Low-cost Canadian carriers such as Flair Airlines, WestJet's Swoop, and recent entrant Lynx Air offer another route to savings -- though their smaller fleets can mean fewer options in the event of a cancellation, with some passengers rebooked days later on less frequent routes.

A handful of travel hacks offer more clever savings.

So-called hidden city fares, where passengers skip out on the second leg of a trip to disembark at the connection point -- their actual intended destination -- allow travellers who found cheaper fares on a roundabout route rather than a direct flight to save cash, though carriers frown on the practice.

"Hacker fares," which refer to two one-way tickets, can also yield savings. Search engines including Kayak and Google Flights offer round-trip queries for a pair of one-way flights. Kayak and Hopper also provide price alerts, and recommendations on whether to buy immediately or wait for lower fares.

For the more tech-savvy, bargain hunters can mask their computer's address with a Virtual Private Network (VPN) to sniff out fares that target local residents in other countries, though deals aren't necessarily better. For the less digitally inclined, finding a foreign travel agent may be an easier option.

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## Ottawa Under Pressure To Cancel ArriveCan App, Increase Airport Staffing As Travel Chaos Continues

*By Janice Dickson and Michelle Carbert, The Globe and Mail, July 4, 2022*

The federal government is facing increased pressure to axe its ArriveCan app and increase staffing in an attempt to address the chaos plaguing Canada's major airports, where travellers face delays and cancelled flights.

For weeks, many have wound up stranded for hours at Canadian airports, most often Toronto's Pearson International. This past weekend, Canadian airlines and airports had more flight delays than those of nearly any other country in the world. The blame is falling on staff shortages and the ArriveCan app, which was implemented for travellers to prove that they are vaccinated and that they have a quarantine plan if they contract COVID-19.

Mark Weber, president of the Customs and Immigration Union, said he believes that a lack of front-line staff, ArriveCan, and an over-reliance on technology in general are contributing to the delays.

"What we're seeing specifically on the customs side is really long delays for travellers to clear customs when they're coming into the country," he said.

Mr. Weber said that the number of front-line staff has decreased steadily over the years. Add to that, travellers face challenges when using the ArriveCan app, "which does take a lot of travellers quite a bit of time to fill out," he said.

Mr. Weber said he would like to see the federal government hire 2,000 to 3,000 front-line officers across the country who would staff different ports of entry, including marine and land.

When it comes to ArriveCan, he said, the questions could be streamlined on the app to help speed things up. For instance, he said travellers should not have to input the address of where they are staying if there is no contact tracing. The app can also be hard to navigate for people who aren't tech savvy, he said.

Melissa Lantsman, Conservative transport critic, said Canada's airports have become "an international embarrassment." She said rather than continuing to blame travellers and airlines, Transport Minister Omar Alghabra and the Liberal government need to take responsibility.

"Conservatives continue to call for a return to pre-pandemic travel rules and staffing levels to help alleviate the delays and disarray we continue to see at Canada's airports, including ending the mandatory usage of the ArriveCan app."

NDP transport critic Taylor Bachrach said the Liberals failed to act even though they had months to prepare for travel to return and now are scrambling to hire screening officers.

"The government needs to accelerate the hiring of new staff to address shortages and ensure that workers are being paid adequately and treated fairly."

Last month, Prime Minister Justin Trudeau established a new task force of cabinet ministers to improve government services, such as passport processing, and monitor the situation at airports. In a statement on Monday, July 4, co-chair and Women and Gender Equality Minister Marci Ien's office said the task force has met and is working to "find solutions to respond to gaps in service delivery."

Alexander Cohen, a spokesperson for Public Safety Minister Marco Mendicino, whose office is responsible for ArriveCan, said that the app helps make travelling "easier and more efficient, allowing those entering Canada to electronically submit their information before arriving at the border."

He said it also provides CBSA agents with tools to ensure that travellers are processed quickly and safely. Mr. Cohen said its use is "extremely high" and, according to their statistics, 99.7 per cent of air travellers and 94.1 per cent of land travellers successfully used it.

"Global travel volumes are up over 700 per cent since its low point during the pandemic, and airports across the world are feeling the impact. From too many flights to not enough staff, there is no single reason for these delays – but the ArriveCan app is not a major factor," he said.

Mr. Cohen said the CBSA is making significant efforts to add resources and streamline processes to help keep people moving, including new kiosks at major airports including Toronto Pearson and hiring more than 700 student border officers for the summer.



Valérie Glazer, communications director for Mr. Alghabra, said in a statement that delays at airports are “completely unacceptable.” She said Ottawa is meeting with airports, airlines, and relevant government agencies to find solutions to address bottlenecks. Ms. Glazer said the Canadian Air Transport Security Authority has hired more than 1,000 new screeners in airports.

“We are making progress, but challenges remain, particularly for travellers facing flight cancellations and issues with baggage services.”

She said Mr. Alghabra met with the chief executive officers of the Greater Toronto Airports Authority and WestJet last week, and the CEO of Air Canada on Monday, July 4 to discuss the problem.

When it comes to the app, travellers are divided. Payman Parseyan, an Edmonton-based oil and gas project manager, said he has travelled internationally more than 50 times since downloading ArriveCan last year. He said he is “puzzled” as to why Canada still uses it, given that border agents have only asked to see the app on his phone about one-third of the times he’s returned to Canada.

“It’s been fairly infrequent that I’ve been checked and I’ve landed back in Canada through Pearson [Toronto], Calgary, Vancouver, and Montreal. It just seems to be hit or miss whether the CBSA officer is going to ask for the ArriveCan app or not,” he said.

“From my perspective, the app is completely useless.”

Alex Chauran, a mother of two from Port Moody, B.C., said she feels like she is one of the few supporters of the app. She crosses the land border in Surrey, B.C., about eight times a month to take her children to see their father in Washington. She said she has found ArriveCan useful because it simplifies the documentation for her children, who were vaccinated in the U.S. and only have American vaccine certificates, to come back into Canada.

Read Story (Subscription Required): <https://www.theglobeandmail.com/politics/article-ottawa-under-pressure-to-cancel-arrivecan-app-increase-airport/>

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## Ditch The ArriveCan App And Let The Tourists Flow In, Travel Industry Urges

*GTAA Spokesperson Says The Location Of COVID-19 Health Testing Is A Bigger Issue Than The Updated Arrivecan App*

*By Josh Rubin, Toronto Star, July 6, 2022*

At the height of the COVID-19 pandemic, travel restrictions and vaccine passports made sense.

Now, says a growing chorus of voices in the Canadian travel industry, they no longer do. Instead, they’re contributing to chaos at airports across the country, and leaving Canada out of step with the rest of the world.

Beth Potter, president and CEO of the Tourism Industry Association of Canada, is one of those voices calling for the federal government to ditch COVID-19-related measures at the border, including the ArriveCan app used to check vaccine certificates.

“It’s done its thing, but it’s time to move on,” said Potter on Tuesday, July 5. “We’ve told the government that it’s time to pause the ArriveCan app as it’s being used, and we’re not alone.”

The app was first unveiled in late April 2020, roughly a month after the World Health Organization declared COVID-19 to be a global pandemic.

While airlines grudgingly accepted the need for ArriveCAN when it was introduced, that time has long passed, says Suzanne Acton-Gervais, interim head of the National Airlines Council of Canada, the airline industry’s biggest trade association.

“The National Airlines Council of Canada believes that the current ArriveCAN app policy has outlived its utility and purpose,” said Acton-Gervais in an email. “The Public Health Agency of Canada’s legacy pandemic-era health policies like ArriveCan cause significant delays in Canada’s customs halls. ArriveCAN creates a confusing, complex journey for travellers and keeps Canada out of step with other countries.”

A spokesperson for Public Safety Minister Marco Mendicino, whose ministry oversees the use of ArriveCAN, defended the app, saying it has run smoothly and has been used successfully by the vast majority of travellers. If it has been one of the causes of airport delays, says spokesperson Alexander Cohen, it’s far from the only one.

“Global travel volumes are up over 700 per cent since its low point during the pandemic, and airports across the world are feeling the impact. From too many flights to not enough staff, there is no single reason for these delays — but the ArriveCAN app is not the single major factor,” said Cohen.

In late June, the federal government announced that it was extending existing travel restrictions — including mandatory use of ArriveCAN — until at least September 30.

Foreign travellers entering Canada still need proof of vaccination to enter the country, while unvaccinated Canadians and permanent residents need to provide a PCR COVID-19 test taken prior to entering, along with quarantining for 14 days upon arrival.

The government still requires all travellers to upload their travel documents and proof of vaccination to the ArriveCAN app.

Despite defending the app’s performance, Cohen said the government hasn’t ruled out changing or one day eliminating ArriveCAN.

“We continue to look for opportunities to improve the border crossing experience for Canadians and those who wish to come here, and no decision has been made on the long-term future of the app,” said Cohen.

The ongoing anti-COVID-19 measures, including ArriveCAN, have put a damper on what tourism businesses had hoped would be their first busy summer since before the pandemic. Instead, Potter said, many are worried about their survival, especially as most government financial aid designed to minimize COVID-19's economic impact is winding down.

"They were shut down for the past two summers, and now it's stretching into a third," said Potter. "No other industry where you face people still has these restrictions. You can sit in a movie theatre. You can dine at a restaurant. We're the last ones."

The Greater Toronto Airports Authority (GTAA), which operates Toronto Pearson International Airport, says the ArriveCAN app itself isn't as big an issue as the location of where health checks and testing take place.

"The GTAA is advocating for all COVID-19 health checks and testing to happen outside the airport to make the international arrivals experience more efficient," said spokesperson Ryan White. ArriveCAN can actually make for a quicker experience, he said, pointing to a new option on the app that allows travellers to upload their customs declaration.

"We have already seen significant improvements and benefits as a result of this digital integration," White said.

Read Story (Subscription Required): [https://www.thestar.com/business/2022/07/06/ditch-the-arrivecan-app-and-let-the-tourists-flow-in-travel-industry-urges.html?li\\_source=LI&li\\_medium=thestar\\_business](https://www.thestar.com/business/2022/07/06/ditch-the-arrivecan-app-and-let-the-tourists-flow-in-travel-industry-urges.html?li_source=LI&li_medium=thestar_business)

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## Feds Intend To Keep ArriveCan For Its Data On COVID-19-Positive Travellers: Sources

By Annie Bergeron-Oliver, CTV News, July 6, 2022

<https://www.ctvnews.ca/politics/feds-intend-to-keep-arrivecan-for-its-data-on-COVID-19-positive-travellers-sources-1.5977612>

The federal government has no intention of dropping the controversial ArriveCan app because it gives the Public Health Agency of Canada (PHAC) key health information about travellers who test positive for COVID-19 through testing at airports and land borders, senior government sources tell CTV News.

PHAC uses data that travellers enter into the ArriveCan app to identify the vaccination status and destinations of people who test positive as a part of the mandatory random testing program at Canada's borders.

Since provinces are no longer collecting significant data from PCR tests done at the local and provincial level, senior government sources describe the data gained from the ArriveCan app as the last line of COVID-19 defence in Canada.

PHAC said the selection process for who gets tested at a border crossing is determined by a computer algorithm that “selects a representative sample of fully vaccinated travellers based on statistical parameters,” according to a statement from the agency.

Those statistical parameters set by PHAC are based in part on global epidemiology trends, which a senior government source admits can make travellers who are coming to Canada from countries that have a low vaccination rate or are experiencing an outbreak more likely to be flagged for mandatory random testing.

PHAC believes border testing and information gained from the ArriveCan app make the agency “better prepared for possible future waves.”

Dr. Isaac Bogoch, an infectious disease expert with Toronto's University Health Network, believes that detailed data gained through the ArriveCan app can help PHAC, if the information is being used properly.

“This could possibly give Canada some intelligence as to what circulating variants of concern there may be in other parts of the world, which can be very helpful information,” said Bogoch.

ArriveCan data is only accessed by PHAC if a traveller tests positive for COVID-19, but all data inputted into the app “will be retained for a minimum of two years following its last administration use” by the Canada Border Services Agency (CBSA), according to the privacy notice within the ArriveCan app.

The same privacy notice also states that personal information submitted in the app can be shared with a wide variety of groups, including “other government intuitions, as well as provincial, territorial, municipal governments or international health organizations.”

Conservative Transportation Critic Melissa Lantsman said she is concerned that the government did not previously make a clear link between information travellers put in the ArriveCan app and testing information gathered by PHAC.

“I think most Canadians don't know that. And I think Canadians have a right to know where their data is being used, how long it's being used for, and what the purpose of that is,” said Lantsman.

Mandatory random testing was suspended on June 11 to help ease congestion at airports and was scheduled to be re-instated on July 1. However, the federal government pushed back its return until mid-July.

A senior government source said the reason for testing being pushed back was due to the CBSA being unable to update the ArriveCan app to help accommodate unvaccinated Canadian travellers by the Canada Day deadline.

Industry and union leaders have been calling for the federal government to end the requirement to fill out the ArriveCan app to help alleviate the chaos at airports.

Mark Weber, president of the Customs and Immigration Union, believes that scrapping the app would improve the experience for those entering Canada.

“Removing the app would shorten wait times, would give our officers less duties, and would allow us to focus more on doing the customs work that we're really there to do,” said Weber.

Alexander Cohen, a spokesperson for Public Safety Minister Marco Mendicino, whose office is responsible for ArriveCan, said that the app helps streamline the travel process by ensuring that people entering Canada fill out necessary documents before seeing a customs agent.

Cohen stated that 99.71 per cent of travellers coming to Canada by air “are successfully filling out” their information in the app, a number that Weber said is that high only because customs agents help travellers fill the app out.

“The real numbers are closer to 60 per cent or 70 per cent, in terms of people who arrived with the app completed; and an awful lot arrive not even knowing that they had to complete the app,” said Weber.

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## Toronto Offices Left Empty In Record Numbers

*With Recession Fears And Continued Remote Working, Asset Owners Face A Challenge To Attract Tenants*

*By Ari Altstedter, Bloomberg, July 7, 2022*

[https://www.wealthprofessional.ca/business-news/toronto-offices-left-empty-in-record-numbers/368031?utm\\_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm\\_medium=20220707&utm\\_campaign=WPCW-MorningBriefing-20220707&utm\\_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8](https://www.wealthprofessional.ca/business-news/toronto-offices-left-empty-in-record-numbers/368031?utm_source=GA&e=YnJlbmRhbi53eWNrc0BjYWZpaS5jb20&utm_medium=20220707&utm_campaign=WPCW-MorningBriefing-20220707&utm_content=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8&tu=9B8F63D4-69B1-4D0C-AE64-59C8BBAFABC8)

Downtown Toronto’s office-vacancy rate hit a record in the second quarter as fears of a slowing economy and the persistent popularity of remote work curtailed appetites for new space.

The rate rose to 11.9% as nearly half a million square feet of space that became available downtown in Canada’s financial capital failed to find a tenant, according to a report on Wednesday, July 6 by commercial brokerage CBRE.

With inflation running at its hottest in decades and central banks jacking up interest rates to rein it in, economists see the chances for a recession increasing across the developed world. Canada, where those odds stand at one in four, is no exception. The increasingly cloudy economic outlook has made firms more hesitant on new office leases and reluctant to reverse the remote-working arrangements they’d adopted during the pandemic.

“Heightened economic and tech-sector uncertainty saw many Toronto tenants put new leasing on hold,” CBRE said in its report.

## OTHER CAFII MEMBER-RELEVANT INDUSTRY/BUSINESS/SOCIETAL NEWS

### Canada Recession: It's Coming, RBC Predicts, But How Long Will The Downturn Last?

*By Solarina Ho, CTV News, July 7, 2022*

<https://www.ctvnews.ca/business/canada-recession-it-s-coming-rbc-predicts-but-how-long-will-the-downturn-last-1.5978161>

Canada is headed towards a moderate recession, but the economic contraction is expected to be short-lived compared to previous recessions, economists with Royal Bank of Canada predict.

The Bank of Canada has been hiking its key overnight interest rate aggressively this year to combat skyrocketing inflation, which surged to 7.7 per cent in May, the fastest rise in nearly four decades and well above economists' expectations.

With the central bank maintaining its two per cent target, more aggressive moves are expected this month and beyond to bring inflation down by 5.7 per cent. Economists are predicting a 75 basis point hike in July – mirroring the U.S. Federal Reserve's move in June – and another 50 basis point increase in September, a Reuters poll suggests.

The forceful strategy, in step with the U.S. Fed, has raised concerns that Canada is headed for a recession, with high borrowing costs leaving Canadian households which are carrying too much debt particularly vulnerable. Experts say lower income groups have the greatest exposure to the dual risks of inflation and rising interest rates.

According to economists, much of the inflationary pressures are coming from outside of Canada, with energy and food prices soaring on the back of supply chain bottlenecks due in part to Russia's invasion of Ukraine.

"Canada's economic growth has fired on all cylinders following pandemic shutdowns," said economists Nathan Janzen and Claire Fan in an RBC article published on Wednesday, July 6.

"But a historic labour squeeze, soaring food and energy prices, and rising interest rates are now closing in. Those pressures will likely push the economy into a moderate contraction in 2023...Still, by historical standards, we expect the slowdown to be modest."

Janzen and Fan said strong activity within the travel and hospitality sectors and higher commodity prices are helping to fuel a recovery, but a lack of workers is hampering businesses which are trying to expand. They note that while there were 70 per cent more job openings last month compared to the same time period prior to the pandemic, employers were competing for nearly nine per cent fewer workers in the job market.

“Soaring prices are cutting into Canadians’ purchasing power at the pump and the grocery store,” they said.

“As the economic contraction plays out next year, [the unemployment] rate will likely rise another one and a half percentage points to 6.6 per cent. These job losses will come at a time when Canadians are already grappling with higher prices and debt servicing costs, factors that have hit lower income households the hardest.”

Meanwhile, a report released on Tuesday, July 5 by the Canadian Centre for Policy Alternatives (CCPA) found that over the past 60 years, the three times the Bank of Canada managed to reduce inflation by 5.7 per cent through a rapid and aggressive rise in interest rates, a recession followed. But economists at RBC and elsewhere have said there are few alternatives which central banks can use to deal with inflation.

“The Bank of Canada now has little choice but to act,” Jazen and Fan wrote.

“Inflation has been too strong for too long and is starting to creep into longer-run business and consumer expectations. Higher inflation expectations can become self-fulfilling, making businesses more likely to pass on cost increases and consumers more willing to pay for them.”

Even without the interest rate moves, slowing growth and demand outside the country will weigh on Canada.

Despite these concerns, RBC believes the recession will be less severe than previous economic downturns.

“Global inflation pressures may soon peak,” the economists predict.

“Prices are still rising too fast and inflation won’t slow sustainably until demand falls. But once that happens, central banks will ease interest rates again...We don’t think it’ll take long to unwind that weakness in 2024 and beyond.”

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## UK Bank Tells Customers To Close Their Accounts After They Complain About Gender-Pronoun Badges For Staff

*By Sophia Ankel, Business Insider, June 30, 2022*

[UK bank tells customers to close their accounts after they complain about gender-pronoun badges for staff \(msn.com\)](https://www.msn.com/en-ca/news/uk-bank-tells-customers-to-close-their-accounts-after-they-complain-about-gender-pronoun-badges-for-staff)

A UK bank told customers to close their accounts after they complained about gender-pronoun badges for staff.

The British bank Halifax — a subsidiary of Lloyds Banking Group — said on Tuesday, June 28 that it was giving its employees the option to add pronouns to their name badges.



It announced the move by posting an image on social media that shows a badge with the name "Gemma" alongside she/her/hers pronouns. The caption says: "Pronouns matter. #ItsAPeopleThing"

The post prompted some criticism on social media from people who called the badge "nonsensical" and accused the bank of "virtue signaling."

"We strive for inclusion, equality, and quite simply, in doing what's right. If you disagree with our values, you're welcome to close your account," Halifax tweeted in response.

A Halifax spokesperson told Business Insider in an email: "We want to create a safe and accepting environment that opens the conversation around gender identity. We care about our customers' and colleagues' individual preferences so, for us, it's a very simple solution to accidental misgendering."

The spokesperson told Business Insider that having pronouns on the badge is optional for staff.

HSBC bank, which launched a similar initiative in January, tweeted in support of Halifax: "We stand with and support any bank or organization that joins us in taking this positive step forward for equality and inclusion. It's vital that everyone can be themselves in the workplace."