

Full Steam Ahead with the Consumer Awareness Campaign

With more and more travel being sold, on-line, by travel providers around the globe, Ontario's consumers increasingly need the protection that TICO provides. Understanding the importance of booking travel services through TICO registrants is key. Through the Consumer Awareness Campaign, we want to promote the benefits of purchasing travel services from a TICO-registered travel agency – whether in person, over the telephone or on-line. Then, consumers will look for the TICO logo whenever they book travel, knowing they can buy with confidence.

This is the goal of the Consumer Awareness Campaign. For it to be achieved, YOU have to play your part, by integrating your TICO membership into your own marketing campaign. Under the Industry tab on TICO's homepage, download the TICO logo and incorporate it into every visual of your operation – from your website to print materials, advertising, e-ticket stuffers, invoices and emails. This will remind your clients



that they are making a smart purchasing decision!

Another valuable tool is TICO's *You're Good to Go* brochure, which explains exactly how a consumer's travel investment is protected when they book with you. Just call or email TICO if you require more brochures.

Last year's omnibus survey demonstrated the value of the Consumer Awareness Campaign. There was a 5% increase in consumer awareness, with 70% of those surveyed indicating that they understood they must book with a TICO registered travel agency to obtain consumer protection.

Perhaps this is the moment to remind you that TICO changed its logo several years ago. It has come to our attention that some registrants are still using the old one. As the logo can be downloaded easily... and for free, please make sure that the current logo is displayed at every customer touch point.

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EX OFFICIO

Michael Pepper
President and Chief Executive Officer
Travel Industry Council of Ontario

LETTER FROM THE CEO

This edition of TICO Talk provides a further explanation of some issues brought forward at TICO's AGM on September 27, 2011. One of the most important tools that TICO relies upon is annual financial statements from registrants. TICO is aware that the cost to obtain a "Review Engagement" is greater than a "Notice to Reader", as more work is required by the accountant. A "Notice to Reader" holds far less value in terms of reliability and has few checks by the reviewing accountant; whereas, a "Review Engagement" requires the accountant to carry out specific checks and balances on the statements.

TICO's goal is to provide consumer protection and a level playing field for registrants. Fifteen years ago, claims on the Compensation Fund were running in the millions of dollars because there was not a comprehensive financial inspection program. The costs associated with claims on the Fund were borne by the industry. Contribution rates at that time were \$1.60 per \$1,000 for wholesalers and .40 cents per \$1,000 for retailers. This compares with 5 cents per \$1,000 today. This represents a massive reduction in industry contributions and savings shared by all registrants. At the same time, the Fund has risen to over \$25 million and the interest received on this money goes towards the expense of financial oversight.

TICO understands that structural changes in the industry have had a major impact on how businesses operate today. The business model has changed. Consumers are influenced by the Internet and social media. It is difficult for agencies to keep up with change and remain competitive. TICO understands these challenges and is focused on recommending improvements to the regulatory system aimed at reducing red tape and ensuring that all operators are treated fairly. TICO may be the regulator but it is committed to treating all stakeholders with respect.

As we move towards the close of another year, TICO is working hard to enhance protection for consumers and to ensure that the costs of administering the program are fair.

Seasons Greetings from TICO, your industry partner. Remember – we are on your side.....



Michael Pepper
CEO



Report on the 14th ANNUAL GENERAL MEETING

TICO'S 14TH ANNUAL GENERAL MEETING TOOK PLACE ON SEPTEMBER 27TH AT THE TORONTO CONGRESS CENTRE, AT WHICH THE 2011 ANNUAL REPORT & BUSINESS PLAN WERE TABLED (COMPLETE DETAILS MAY BE REVIEWED AND DOWNLOADED FROM www.tico.ca). THE MEETING WAS CHAIRED BY MICHAEL JANIGAN, CHAIR OF TICO'S BOARD OF DIRECTORS. ONCE AGAIN, THE AGM WAS WEBCAST.

Highlights from the Chair's Report

Michael Janigan provided an overview on how TICO operates as a delegated authority, based upon its Administrative Agreement with the Ontario government. While TICO's responsibility, as a regulator, is to ensure all registrants comply with the *Travel Industry Act, 2002*, the intent is not to be adversarial but to work with registrants to help bring them into compliance. He added that one advantage of having a Board of Directors made up largely of travel industry professionals is applying invaluable insight and experience to decision-making.

Mr. Janigan also addressed the likelihood of increasing risks over the next few years due to the global nature of the travel business, with increasing consolidation and changes in business models. To provide adequate consumer protection, TICO plans to focus heavily on risk management strategies.

Highlights from the President and CEO's Report

Michael Pepper presented the 2011 Annual Report, summarizing key areas of TICO's operations, including that the total wholesale and retail registrants are 2,501, down from 2,538 the previous year. He also reported that since the Education Standards program commenced, more than 27,000 individuals have taken the exams.

Mr. Pepper focused particularly on TICO's financial outlook. Some key points included:

Although the Compensation Fund stands at approximately \$25,343,400, this will decrease, partly due to the reduction to registrant contributions introduced in 2006. One of TICO's priorities is to explore alternate methods to finance the Compensation Fund.

TICO's Business Plan outlines strategic priorities for the period April 1, 2011 to March 31, 2014. More detailed information on TICO's strategic priorities may be found on TICO's website, at www.tico.ca. ▲



Election results

A place on the Board opened for a retail candidate, and TICO sought nominations for this position in June 2011. Two nominations were received – from Paul Samuel of Overseas Travel Limited in Toronto and David Shaw of Evans Intravel Inc. in Orillia. **Paul Samuel** was the successful candidate, receiving 193 votes; David Shaw received 179 votes.

1,950 ballots were sent to all registrants, followed by two reminders that were broadcast emailed and faxed. By the deadline of September 16, 2011, **378** ballots were cast, of which six were spoiled or invalid (less than 20% return).

Considering the impact that every Board member has on your industry, TICO encourages all registrants to participate in next year's Board elections.

Changes to The Board

TICO extends a warm welcome to **Paul Samuel**, President, Overseas Travel Limited, who was elected to the above described retail position. **Michael Janigan**, Executive Director and General Counsel of the Public Interest Advocacy Centre remains the appointed Chair – his second year in a three-year-term. Following the AGM, **Scott Stewart**, President of G. Stewart Travel Services in Peterborough, was appointed Vice Chair of the Board, for a one-year term.

TICO would also like to offer deep thanks to **David Shaw** and **Denise Heffron** for their extensive contributions as Board members.

A look at TICO's complaints process

A motion at the AGM proposed that TICO clearly outline on its website how registrants may submit service complaints against TICO. It also proposed that: an ombudsman be appointed to manage registrant's unresolved service complaints; a Registrant Bill of Rights be created; and a mechanism be set up to facilitate communications between registrants and TICO's Board of Directors and committees. Although it did not carry, the Board committed to ensuring that an explanation of the current complaints process for registrants was available on TICO's website, as TICO is committed to providing quality service to registrants. The process for a registrant to file a complaint is outlined under the Industry tab of the website, where it is listed under Complaints Against TICO.



Any registrant wishing to submit a complaint is invited to contact TICO's Complaints Committee. The committee is made up of members of the Board of Directors, and its mandate is to:

- Review and resolve, as appropriate, complaints against TICO

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Linda Wright Director, TICO Board of Directors



What is your background in the travel industry?

I have worked with several major tour operators since joining SkyLark Holidays in the 1970s. After it closed, I worked with CP Air Holidays, Paramount Holidays, Sunquest Vacations (the first time), and then with Adventure Tours/Signature Vacations for 12 years. I rejoined Sunquest, which then became part of the Thomas Cook Group. I've largely worked in customer service, destination management, airport services, and sales.

Currently I'm Director, Customer and Legal Service for Thomas Cook Canada, responsible for the Sunquest, Holiday House, Fun Sun Vacations and Encore Cruises brands. I also oversee sustainability, health and safety, and crisis management, and work closely with my counterparts in the Thomas Cook Group worldwide.

Have you been involved with other travel industry associations?

Basically, I stepped into Jill Wykes' shoes, to represent my company with CATO, and am now one of CATO's representatives on TICO's Board.

Were you involved with TICO, before joining the Board?

I've sat on TICO's Complaints Committee since the formation of TICO, which has not been particularly onerous as so few complaints have been made. I have also worked closely with TICO because of my own professional involvement in customer service. TICO has always been an excellent resource when certain issues come up with our clients. Its staff are always very helpful explaining the regulations, and I never hesitate to recommend that clients call TICO with any questions or complaints.

I also attend TICO's AGM whenever I'm available, and have always followed what TICO does because it impacts my profession so much.

I realize some people view TICO as authoritarian, but that's because they don't fully comprehend TICO's role. Some consumers don't understand why TICO can't mandate a travel company to make a settlement to them, and some registrants don't understand TICO's limitations.

Which of TICO's many issues are most important, and why?

Alternate financing for the Compensation Fund. As the travel industry evolves, we have to provide better consumer protection. With so many risks and challenges, it's enormously important, and there will undoubtedly be plenty of debate on the best route to go. Is the Québec model the right one? If we opt for a consumer-pay model, how do we position it, when presenting it to consumers and to the trade? There are no easy answers but this has to be resolved.

Where do you hope to see TICO and the Ontario travel industry within the next five years?

I'd like to see some kind of national platform, with all provinces having similar legislation – along the lines of the TICO model – to safeguard consumers everywhere in Canada. It's ridiculous that only three provinces have legislation to safeguard consumer protection.

Working with a national company, it's particularly frustrating to see how little protection is available. Considering how many tour operators and retail chains operate nationally, with customers across the country, we should offer equal protection to everyone. It's very antiquated that Canada doesn't have a better model. There should be increased cooperation between the provinces and between the provincial and federal governments, to drive this forward. TICO could play a huge leadership role.

As I work closely with our parent company in the UK and Europe, I often have to explain Canada's fragmented system. It doesn't make sense to them, or to me.

Do you have any further comments for TICO Talk readers?

TICO is following the right path with its Consumer Awareness Campaign, but there is still far to go. I deal with customers a lot, particularly over legal issues. Recently I spoke with a woman who had no idea that her funds were protected. Even when customers are somewhat aware of it, they don't really understand how it works. Ideally, retailers should be promoting TICO much more, emphasizing the importance of dealing with a TICO registrant. I understand them wanting to focus on their own business, but there is a lot of room for growth, and promoting the benefits of TICO to their clients should be a big selling point for retailers in Ontario.

The travel business is an extremely exciting one, and I'm proud to have been part of it for so many years. Yet with so many challenges to deal with, it's important for us all to find common ground and work together in the same direction.

I'm very pleased to be on TICO's Board, and I hope to make meaningful contributions based upon my past and present experience.

A Look at TICO's Complaints Process continued from page 4

- Provide fair, transparent and accountable procedures for handling registrant and consumer complaints against TICO
- Develop standards for handling complaints
- Make recommendations with respect to TICO's complaint handling procedures
- Review trends of complaints to determine if recommendations can be made to address the cause of the complaints.

Anyone wishing the Complaints Committee to review their complaint issue with TICO must submit a written complaint to the attention of TICO's Complaints Committee by email to tico@tico.ca; by fax to **905-624-8631**, or by mail to:
**Travel Industry Council of Ontario,
2700 Matheson Boulevard East,
Suite 402, West Tower,
Mississauga,
ON L4W 4V9.**

Written complaints sent to the Complaints Committee will be acknowledged in writing and a copy of the complaint will be provided to the committee for review. Once the committee has examined the circumstances surrounding the complaint, a written response will be provided to the complainant.

Since TICO was formed, it has received eight complaints from registrants. TICO would like to reassure all registrants that it continues to be willing to consider any issue that they may wish to bring to TICO's attention.

Court Matters

This year's campaign is taking a wide-ranging approach, incorporating the following:

- 30-second TV ads on the Rogers TV Listings Channel and a 15-second pre-roll ad on www.globaltv.com
- Pay-per-click advertising on Google
- Out-of-home advertising, including GO Train Wrap, posters in GO stations and transit shelters across the province, posters at Union Station and in downtown Toronto's PATH
- A consumer contest on social media platforms including Facebook, Twitter and YouTube (if you are on Facebook, we encourage you to "like" the TICO Facebook page, to make your customers aware that you are registered with TICO).
- Editorial coverage in various ethnic and community publications.

And finally, as our statistics show that more consumers are accessing TICO's website using mobile devices, we are developing a mobile version of the website, which will include TICO's Travel Agency Search feature.

With your support, our next omnibus survey should show a dramatic increase in consumer awareness of TICO and of the benefits of booking with a TICO-registered travel agency. This, in turn, will benefit YOUR business! ▲



► CHARGES

Judy Kadet-Kovacs has been charged with two counts of operating as a travel agent without registration, contrary to **Section 4(1)(a)** of the *Travel Industry Act, 2002*. Ms. Kadet-Kovacs operated in Hamilton and elsewhere in Ontario. She was previously convicted in 2007, under the *Act*, for failing to maintain trust accounts when she was president of G&P Travel Ltd. TICO terminated the registration of G&P Travel Ltd. in 2006, and claims amounting to \$52,699.66 were paid to consumers from the Ontario Travel Industry Compensation Fund.

► CONVICTIONS

John G. Pelosi, o/a Tiger/Eagle Sports Functions, has been convicted on eight counts of acting or holding himself out as being available to act as a travel agent without being registered, contrary to **Subsection 4(1)(a)** of the *Travel Industry Act, 2002*. Mr. Pelosi operated in the Keswick area and elsewhere, selling accommodations and transportation to sports events. Consumer losses amounted to approximately \$100,000. Mr. Pelosi was sentenced to 21 days in jail and was arrested and taken into custody on June 7, 2011.

Serwat Naz Ahmed was convicted on one count of acting as a travel agent without registration, contrary to **Section 4(1)(a)** of the *Travel Industry Act, 2002*. Ms. Ahmed operated in Pickering and elsewhere in Ontario. She was fined \$3,000 and is subject to a two-year period of probation, which includes notifying the Registrar under the *Act*, at least five days prior to entering into an employment or an outside sales representative contract with a TICO registrant. During the period of her probation, Ms. Ahmed must also disclose her convictions under the *Act* to the prospective employer. She was previously convicted, in 2009, on one count of failing to maintain trust accounting, contrary to **Section 27** of Ontario Regulation 26/05 made under the *Act*. Ms. Ahmed was president of Dreamworld Travel & Vacations Inc. This company had previously been registered under the *Act*, and the registration was terminated on August 15, 2007. Consumer claims totalling \$1,620 were paid from the Ontario Travel Compensation Fund. Ms. Ahmed reimbursed the Travel Compensation Fund.

Lillian Burgess, o/a Cap'n Bob and Lil's Tours, has been convicted on one count of operating as a travel agent without registration, contrary to **Section 4(1)(a)** of the *Act*. Ms. Burgess continued to operate in Cayuga, Ontario after her registration was revoked in August 2009. Ms Burgess received a suspended sentence.

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Explaining the Review Engagement

A motion submitted at the AGM called for TICO to consider requesting that the Ministry of Consumer Services allow registrants whose annual sales are less than \$10,000,000 to submit annual financial statements with a Notice to Reader, instead of with a Review Engagement as specified under Ontario Regulation 26/05.

Despite the motion not carrying, clarification on the reasoning behind this legislation might be helpful. A Review Engagement incorporates an accountant's in-depth analysis to assess the overall plausibility of the financial statements. Financial statements provided with a Notice To Reader are prepared from information provided by the client. Hence, the accountant only compiles the financial information into a balance sheet and income statement – he or she does not test the plausibility of the information.

One intention of the legislation is to ensure registrants' financial viability, since they must meet minimum working capital requirements and maintain trust accounts. The Review Engagement provides assurance that the financial information is reliable. Reflecting the amount of work that an accountant must perform, a Review Engagement is more costly. A Notice to Reader does not provide any assurance that the statements are reliable.

Some question why Ontario's travel industry legislation is different than other regulated industries, specifically real estate and motor vehicle sales. In fact, the risks – not only financial – associated with each of them are different, therefore they have to be managed in different ways.

Both the Real Estate Council of Ontario (RECO) and the Ontario Motor Vehicle Industry Council (OMVIC) regulate individual sales agents as well as corporate entities. RECO also has more stringent educational conditions, including a requirement of continuing education for its more than 60,000 registrants (compared with TICO's 2,500 or so).

Although real estate agents do not file financial statements, they have to purchase insurance through RECO to cover their financial and professional risk. And real estate brokerages must maintain trust accounts that are subject to financial inspection by RECO inspectors.

OMVIC currently registers approximately 7,890 dealers and 23,670 sales people. OMVIC's dealer registrants are also subject to an inspection, although it is more focused on dealer records, such as odometer readings.

To sum up, the risks associated with all of them are different. In real estate and motor vehicle sales, most of the risk is related to the conduct of individuals, whereas in the travel industry it is generally more linked to corporate behaviour, as TICO does not register individuals. ▲

Dates to Note



February 24 – 26, 2012

Outdoor Adventure Show

Hall 5, International Centre
6900 Airport Road
Mississauga

TICO will be distributing informational material at the above show.

Court Matters continued from page 6

B.N. & D.D. International Inc., o/a **Vishal Travel & Tours** and **Ali Anan Khan**, were convicted on one count each of acting without registration, contrary to **Section 4(1)** of the *Act*. Located in Windsor, Ontario, **B.N. & D.D. International Inc.** o/a **Vishal Travel** had previously been registered under the *Act* but continued to operate after its registration was terminated. Mr. Khan was fined \$2,000 and **B.N. & D.D. International Inc.** o/a **Vishal Travel** was fined \$1,000.

➤ **REVOCATIONS**

Between August 10 and October 28, 2011, two companies had their registrations revoked: **Respon Travel & Tours Corp.** and **1821284 Ontario Inc.** o/a **Atlas Air Travel**. The closure of **Atlas Air Travel** will result in claims against the Compensation Fund. ▲

Upcoming Issues

In future issues of *TICO TALK* we plan to include:

- Update on the Consumer Awareness Campaign
- Trade Shows and upcoming events

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TICO Employee Code of Ethics

To ensure that all stakeholders can have complete confidence in the integrity of the Travel Industry Council of Ontario (TICO), each TICO employee shall respect and adhere to the fundamental principles of ethical service which are outlined in the following Code of Ethics.

Integrity: Conduct our activities with honesty, dignity and fiscal responsibility with the goal of protecting and promoting the best interests of consumers and registrants.

Competency: Serve consumers and registrants in a conscientious, diligent and efficient manner. Ensure skills and knowledge are kept up to date on an ongoing basis.

Cooperation: Be courteous and respectful to every person, including co-workers, when representing TICO.

Communication: Supply accurate and complete information in a clear and understandable manner.

Respect: Treat all people with equality and respect.

Impartiality: Act impartially and do not give preferential treatment to any organization or individual in their dealings with TICO.

Confidentiality: Hold all personal and financial information in strictest confidence. Confidential information obtained as a result of employment with TICO shall not be used by an employee for the purpose of furthering any private interest, or as a means of making personal gains.

Conflict Of Interest: Refrain from accepting gifts and favours from stakeholders and registrants, including discounts or any other travel advantage, which are not available to the general public. Employees shall act scrupulously to avoid actual, perceived and potential conflicts of interest.

Outside Interests: TICO employees who engage in another profession, business or occupation concurrently with employment at TICO must not allow such outside interest to jeopardize his or her professional integrity, independence or competence.

Compliance: Observe the principles set out in this Code in the spirit as well as in the letter. TICO staff shall report any violations of this Code of Ethics.