

TICO's Milestones

On June 25th, 1997, Ontario's travel industry was officially designated a self-managed industry by the Ministry of Consumer and Commercial Relations (now the Ministry of Government Services). On that day, the newly formed Travel Industry Council of Ontario (TICO) was given the responsibility for administering the Travel Industry Act - a huge step that marked the beginning of massive changes, which continue to this day.



The first year

For TICO and the brand new Board of Directors, the period from June 1997 to June 1998 was incredibly intense. Accomplishments included:

- Establishing the Executive Committee, Administrative Committee, Business Strategy Committee, Consumer Complaints Committee, Ethics Committee, the Legislative & Regulatory Review Committee, and the Minimum Education Standards Committee
- Completing the bylaws
- Formulating its first 3-Year Business Plan, which introduced TICO's Mission, Vision and Values, as well as its strategic priorities
- Commencing the Legislative and Regulatory Review Committee's review of the *Travel Industry Act* and Regulation

- Producing a Consumer Travel Tips Booklet to promote awareness of TICO and the Compensation Fund
- Assuming responsibility for the Ontario Travel Industry Compensation Fund

Communications

Communicating to industry stakeholders and to Ontario consumers is an essential function of TICO. In January 1999, the first edition of **TICO TALK** was distributed to registrants, and in June 1999, TICO introduced its website. Although continually evolving, it has been constant in providing timely information on a site that is easy to explore.

Continued on page 7...

IN THIS ISSUE...

Letter from the CEO	2
Notice of Annual General Meeting	3
Ten Years of TICO	4

Code of Ethics	6
Terms and conditions	7
Court Matters	8

TICO BOARD OF DIRECTORS 2006-2007

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EX OFFICIO

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

LETTER FROM THE CEO

This issue of our quarterly newsletter focuses on TICO's 10th anniversary and some of the achievements and milestones of the past ten years. TICO has established itself as an industry leader and as a model Administrative Authority. The results that have been achieved have proven that self-management can work and that the industry is mature enough to balance the requirements of a regulatory framework that is consumer protection driven with the competitive demands of business.



Through self-management, TICO has contributed to achieving financial stability in the industry with its extremely pro-active financial inspection programme, which identifies problematic issues and works with agencies to address those issues. It's a delicate balance that has led to a level playing field for all agencies, big or small, from the large wholesale risk takers to the small corner store retailer. There have been many changes during these 10 years. Agencies have had to adapt to different business models to achieve profitability in an industry driven by the increasing demands of consumers who are able to travel more often.

TICO's Business Strategy Committee was instrumental in the development of a Consumer Awareness Campaign, which was launched in 1999 and is now a constant at TICO. The campaign has successfully branded the TICO name so that consumers are aware of the benefits of using registered travel agencies and the risks of dealing with non-registered out-of-province travel providers.

One of the most important achievements for TICO has been the introduction of the *Travel Industry Act, 2002* and Ontario Regulation 26/05 in July 2005. The new *Act* has eliminated joint and several liability for end supplier failure provided that the agency has passed the money to the end supplier, at arms length and has acted in good faith. The change to "Section 13 Liability" was something that TICO spent many years working on with the government and TICO considers this change to be a major accomplishment.

Rate reform is also high on TICO's list of accomplishments. Although some registrants did not like the increase to registration fees that was implemented in September 2006, the increase was only made after Compensation Fund contributions were reduced so that the majority of registrants received an overall savings. Currently, the Compensation Fund has a balance of approximately \$30 million. Our objective is to reduce the Fund to approximately \$25 million and to maintain the Fund between \$20 to \$25 million.

TICO has also taken a lead role to persuade the federal government to strengthen legislation at the air carrier level. This work has resulted in proposed changes to the *Canada Transportation Act*, which will hopefully lead to harmonized standards in the advertising of airfares in Canada.

It has been a great ten years but there is much more to be done. Rest assured that TICO Board Members and staff are committed to making further improvements that will be of benefit to this industry and your customers.



Best regards, Michael Pepper



Notice to Members

ANNUAL GENERAL MEETING

TAKE NOTICE THAT the Annual General Meeting of the members of the Travel Industry Council of Ontario will be held at 4:00 p.m. on Tuesday, June 26, 2007 at the Toronto Congress Centre, 650 Dixon Road, Toronto, Ontario for the purpose of:

- (a) receiving, considering and approving the financial statements for the previous financial year, together with the Auditor's Report;
- (b) receiving and considering the Annual Report;
- (c) appointing an Auditor for the next year following; and
- (d) transacting such other business as may properly come before the meeting.

Only members in good standing are entitled to participate in and vote at the meeting. Members of the public are invited to attend.

Written notice must be received by the Secretary on or before June 5, 2007, of any motions to be made at the Annual Meeting.

Members who will not be attending the meeting are invited to submit written requests for proxies. Copies of the audited financial statements as at and for the fiscal period ended March 31, 2007 will be available at the Annual General Meeting and may be requested in writing prior to the meeting.

DATED at Mississauga this 23rd day of April, 2007.
On behalf of the Board of Directors
Tracey McKiernan
Secretary

Business Plan and Annual Report

The 2007 Business Plan and 2007 Annual Report are currently being prepared for presentation at the AGM. As in the past, the Annual Report will be mailed to all registrants, while the Business Plan will be distributed at the AGM. It will also be available to registrants on request, and it may be downloaded from TICO's website at www.tico.ca after June 26, 2007.

*Don't forget to
vote*



Three elected positions are available on the Board of Directors, for which TICO invited nominations. The positions are as follows:

- * One wholesale position to replace Brett Walker, whose term is completed on June 26, 2007.
- * One retail, wholesale or marketing group position to replace Bruce Bishins, who resigned from the TICO Board in March 2007. The successful candidate will serve the remainder of Mr. Bishins' term, which ends at the Annual General Meeting in 2009.
- * One retail position to replace Trish McTavish, who resigned from the TICO Board in January 2007. The successful candidate will serve the remainder of Ms. McTavish's term, which ends at the Annual General Meeting in 2008.

Only one nomination was received for the wholesale position. As a result, no vote is required.

The following candidates are on the ballot for election for the retail, wholesale or marketing group position: Robert McChlery, Air Canada Vacations; Thanushka Nanayakkara, NARAT Incorporated; and Simon Parry, Helen Thompson Travel. The following candidates are on the ballot for election for the retail position: Mark Crone, Uniglobe Normark Travel; Sonia Kurmey, Touchstone Incentive Travel & Promotions Inc; Thanushka Nanayakkara, NARAT Incorporated; and David Shaw, Evans INTRAVEL Inc. The deadline to vote is June 18, 2007 and the election results will be announced at the Annual General Meeting on June 26, 2007. Whether you are a retail or wholesale registrant, these positions will be YOUR voice on the Board of Directors. Considering the pivotal role that TICO plays in the travel industry, your vote is crucial.

TEN YEARS OF TICO: PAST ACHIEVEMENTS, FUTURE HOPES



A snapshot of Ontario's travel industry today is starkly different from that same industry in 1997. The consumer is better protected than ever before, thanks to an efficient, proactive system to assess and assist registrants, and vastly improved legislation.

*With the 10th anniversary of the Travel Industry Council of Ontario fast approaching, on June 25th, 2007, it offers a timely occasion for **Michael Pepper, President and Chief Executive Officer** to reflect on TICO's accomplishments since it was designated by the Government of Ontario to self-manage Ontario's travel industry.*



Can you pinpoint the most important change effected by TICO over the past ten years?

I think perhaps it was the elimination of **Section 13** from the old Ontario *Travel Industry Act*, which put liability for the failure of an end-supplier airline and cruise line squarely on the shoulders of travel agents. On January 1, 2002, the Regulation was changed - as a result of TICO's efforts, and the collapse of Canada 3000 - so that if an airline or cruise company went under, claims would be paid by the Compensation Fund, not by individual travel agencies.

However, the liability was still included in the *Act*, and it took another three-and-a-half years before the much revised *Travel Industry Act, 2002* and Ontario Regulation 26/05 came into force on July 1, 2005. At that point, the liability in **Section 13** was removed, provided that payments to end-suppliers had been forwarded by a travel agency at arm's length, and in good faith.

What has contributed to TICO's success?

Since the beginning we have had a great Board of Directors. Board members have always been totally

engaged in the many issues we've had to confront, and have individually given up extraordinary amounts of time. This was especially the case in the early days of TICO, when we literally had to formulate our business plan, create our mission, vision and values from scratch, establish committees and develop policies and procedures. In the process, we became an amazingly cohesive group that brought about a truly self-managed industry.

An equally important contributing factor has been TICO's staff. We've seen minimal turnover, with the same core people on staff since the beginning, which says a lot for their dedication.

As well, TICO has created a very professional organization with a comprehensive governance model in place that includes the skills, knowledge and experience required of board members, along with the terms of reference for a board member, which sets out the responsibilities involved. We have fifteen members on the Board of Directors and eleven hard-working committees that oversee various responsibilities and undertake a variety of tasks.

How aware is the general public of TICO?

We've been very successful in this area. Largely due to a strong belief at the Board level that this was important, we launched our Consumer Awareness Campaign in 1999 and it continues to this day. Through radio, television and print advertising and promotions, and TICO's participation at consumer and industry shows, consumers are more aware than ever before of the benefits of purchasing travel services through an Ontario registrant.

Another valuable way to promote TICO is through publicizing our Code of Ethics, which we developed in 1999. Every registrant was sent a laminated copy, and we strongly encourage everyone to display it prominently in their offices, where both staff and the public can easily view it. Currently this is voluntary, but we intend to develop a mandatory Code in the future.

What is your assessment of the Compensation Fund and overall risk factors?

Claims against the Compensation Fund have reduced significantly, which means the cost to the industry has decreased, and we now have a healthy Fund of more than \$30 million. It demonstrates that TICO is doing a good job, providing a higher level of consumer protection. As **TICO TALK** readers know, the Actuary Report we commissioned in 2005 judged that the Compensation Fund should be between \$20 to \$25 million. The Board decided the best way to achieve this was by setting lower contribution rates, with the objective of achieving the ideal level within a few years.

On a day-to-day level, we have good processes in place to proactively identify potential problems, with the financial information we obtain from registrants. In time, we may consider assessing fees based on the registrants' risk profile, but this will only be done in close consultation with the travel industry and all stakeholders involved.

Is there another achievement that you would like to highlight?

Absolutely! TICO was instrumental in forming the Travellers' Protection Initiative (TPI), a Canada-wide alliance of consumer protection and industry groups that has been advocating for more consumer protection at the federal level for airline passengers. The amendments we had been promoting to the *Canada Transportation Act* were included in Bill C-11, which was adopted by the House of Commons on February 18, 2007.

The Senate is now carefully reviewing the bill. Once it has been approved, the new requirements for increased disclosure of taxes in airline advertising must be drafted. TPI has made several presentations on airline advertising, to Members of Parliament and to the Senate, and we are extremely pleased about the progress that has been made - for which the consumer is the real winner!

What are the challenges ahead?

No question, the biggest challenge will be to harmonize standards across the country. Currently, only three provinces - Ontario, Québec and British Columbia - offer consumer protection in this area, and there is a real need for uniformity in travel regulations. It's a complex problem, since there are three levels of government to deal with, and because the airlines come under federal jurisdiction.

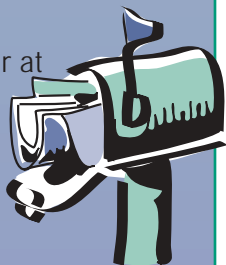
However, TICO has made huge strides over the last ten years - by establishing a very successful model of self-management, and by securing excellent relationships with the government and with the travel industry. We will continue to strive for improved consumer protection in the travel sector - both in this province and countrywide - and we feel well equipped to meet the challenges inherent in an ever-changing world. ▲

Update: Minimum Education Standards

As has been previously reported in **TICO TALK**, developing a Study Manual that reflects the intent of the *Travel Industry Act, 2002* adequately, and in a way that is accessible to the reader, has been a challenge for TICO and the Canadian Institute of Travel Counsellors. The length of the process has been dictated both by the importance of getting the content exactly right, and by the decision to have the study materials for travel counsellors and for supervisors and managers within the same manual. We believe that we are well on our way with the final draft, and look forward to announcing its completion in the near future.

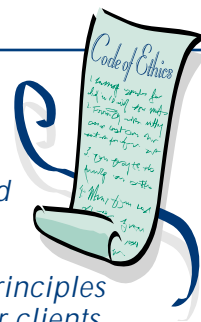
TICO TALK feedback

Whenver you have questions, comments or concerns on anything that you read in **TICO TALK**, or on any other matter that impacts the travel industry, please contact us. Your opinions and suggestions are important to us. We can be reached very easily - at (905) 624-6241, or at 1-888-451-TICO, or by e-mail to tico@tico.ca.



TICO'S pledge

Several years ago, TICO's Board of Directors committed to providing this annual reminder to all registrants. By displaying your laminated copy of the Code of Ethics prominently, you will be reinforcing your values and principles to your staff, your suppliers and, most importantly, your clients.



CODE OF ETHICS

The **Travel Industry Council of Ontario (TICO)** strives to provide a fair and informed marketplace for consumers. TICO strongly encourages all Ontario registrants to comply with the following Code of Ethics, which targets the values and principles that are in keeping with this objective.

INTEGRITY: Conduct our activities with honesty, dignity and fiscal responsibility, always protecting and promoting the best interests of our clients.

DISCLOSURE: Communicate material facts to our clients; supply accurate and complete information in a clear and understandable manner to assist consumers to make informed decisions in their choice of travel services.

MARKETING: Refrain from using any form of misleading advertising or innuendo in marketing products and services.

COMPETITION: Practice fair and open competition and refrain from unjustly criticizing competitors, their products and services or their business methods.

ACCOUNTABILITY: Fulfill all contractual obligations promptly and completely. Respond to legitimate complaints without delay. Maintain accurate and complete records of all client transactions and safeguard consumer monies.

COMPLIANCE: Abide by applicable laws and regulations and never knowingly do business with those operating outside those laws. Registrants are required to ensure that all employees and other sellers of travel associated with the Registrant are conversant with all aspects of the *Travel Industry Act, 2002*, the Regulations and this Code of Ethics.

COOPERATION: Cooperate with any investigation/inquiry by the Registrar or TICO staff to resolve any problems or disputes as soon as possible.

COMPETENCY: A registrant is responsible for the competency of all staff.

RESPECT: Treat all people with equality and respect.

CONFIDENTIALITY: Treat every client transaction confidentially. Do not disclose any information without permission of the client, unless required to do so by law.

CONFLICT OF INTEREST: A Registrant's first responsibility is to its clients and the clients' best interests. Any commercial gain and/or preferred relationships between a Registrant and suppliers will at all times be secondary. ▲

The Consumer Awareness Campaign was initiated in July 1999. Its goal was to make consumers throughout Ontario more aware of the benefits of purchasing travel services from Ontario registrants, and of the existence of the Compensation Fund. The campaign included advertising in newspapers and on the radio, seeking editorial coverage in print, and arranging radio and television interviews. In August 2001, the campaign extended to include television advertising. An annual survey commissioned by TICO has shown an increase of awareness of TICO and the Compensation Fund, every year.

The Compensation Fund

Since the delegation of TICO, the level the Fund has increased to \$30 million. As a result, TICO has decreased the Compensation Fund assessments twice. On May 1, 2000, rates were reduced by 37 percent for travel retailers and by 69 percent for travel wholesalers. Five years later, in 2005, the Board of Directors approved a new Payment Schedule that dramatically reduced assessment rates to registrants again.

Reforming Ontario's travel legislation

Spearheaded by the Legislative and Regulatory Review Committee, TICO undertook an in-depth, three-year examination of the *Travel Industry Act* and Regulation. Towards the end of 2000, TICO and the Ministry commenced a province-wide consultation process, by distributing the proposed changes along with a Consultation Paper that outlined each proposed change, the rationale and TICO's position on the change.

Stakeholders were invited to provide written submissions to TICO for or against the proposed changes, and province-wide town hall meetings gave them an opportunity to familiarize themselves with the proposed changes, and to provide feedback. A final submission paper was then forwarded by TICO to the then Ministry of Consumer and Commercial Relations in December 2000.

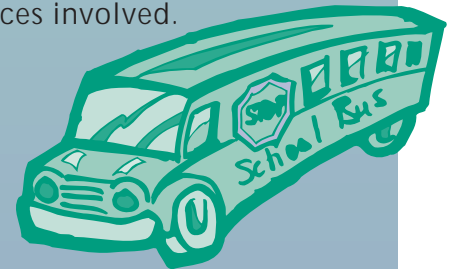
In January 2002, the provincial government passed a new Regulation that allowed claims against the Compensation Fund when consumers who had purchased travel services from a registered Ontario retailer did not receive the services due to the failure of an end supplier airline or cruise line (see page 4).

In February 2005, the government announced that the *Travel Industry Act, 2002* and Ontario Regulation 26/05 would come into force on July 1, 2005. Besides holding further town hall meetings to increase stakeholder understanding of the legislative changes, TICO issued a detailed Explanatory Paper to help clarify them.

Finally, after eight years of striving to bring about a more informed and safer environment for Ontario's travel industry and consumers, TICO welcomed the new and improved legislation as it came into being. ▲

It's not the teacher's responsibility...

Making travel arrangements for school groups is an important component in many of your businesses - and it is also important that you get it right! Please remember that when you accept a booking for a school trip, the consumers (generally the parents) must pay you, the travel agent, directly - and NOT the school. Part and parcel of any transaction that involves a group is that it is always your responsibility to provide full disclosure on terms and conditions to the individual purchasers of the travel services involved.



More on terms and conditions...

We know that we have reminded you about this many times before, but the fact remains it is still one of the areas that we receive the most complaints about from consumers. TICO is constantly fielding calls from people who are upset because, they say, their travel agent has not provided a full refund for their deposit when they have had to cancel travel arrangements. You are obliged, by law, to disclose all terms and conditions to every consumer, every time you sell them any travel package. If the deposit is non-refundable, be sure to advise the consumer of that fact.

Upcoming Issues

In future issues of TICO TALK we plan to include:

- Report on the Annual General Meeting
- Overview of the Travel Industry Act, 2002 Minimum Education Standards
- Progress of the Travellers' Protection Initiative

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Court Matters

► CHARGES

Gary Roy MacLeod and Exec 1 Travel Corporation, o/a Goliger's TravelPlus, were each charged with one count of acting or holding themselves out as being available to act as a travel agent under the *Travel Industry Act, 2002*, contrary to **Subsection 4 (1) (a)** of the Act. The company and Mr. MacLeod continued to act as a travel agent after the registration of Exec 1 Travel Corp. o/a Goliger's Travel Plus was revoked.

Andrew Carleton Smith and Highcrest Management Inc. were each charged with one count of acting or holding themselves out as being available to act as a travel agent without being registered as such, contrary to **subsection 4(1)(a)** of the *Travel Industry Act, 2002*.



Mazdak Anvari and 1091873 Ontario Inc., operating as One Step Travel, Student Escape Tours and Parsia Travel, were charged with one count each of improperly disbursing funds not related to the travel services for which the money was entrusted, contrary to **subsection 27(6)** of Ontario Regulation 26/05, one count each of failing to provide a copy of the financial institution trust agreement within five days, contrary to **clause 27 (5) (a)** of the Regulation, and one count each of maintaining more than one *Travel Industry Act* Trust Account without the Registrar's written consent, contrary to **subsection 27(4)** of the Regulation.

► CONVICTIONS

Hooshang Arashi was convicted of one count of wilfully failing or refusing to comply with a Probation Order made on March 11, 2003. The Probation Order stipulated that Mr. Arashi was to make restitution to consumers and travel suppliers in the amount of \$25,889.57, in accordance with a schedule of payments prepared by the Probation Officer. Mr. Arashi was sentenced to 30 days in jail (maximum allowable under **section 75 (d)** of the *Provincial Offences Act*), to be served intermittently and consecutively on the weekends.

► REVOCATIONS

Between February 20 and May 1, 2007, three companies had their registrations revoked: Sky Train Limited o/a Skytrain Tours and Travel; 1306816 Ontario Inc. o/a The Cruise & Travel Centre of Muskoka; and Riverwatch Investments Inc. o/a Cruise Holidays of Brockville. ▲