



Report of the 10TH ANNUAL GENERAL MEETING

The tenth Annual General Meeting of TICO took place on June 26th at the Toronto Congress Centre, and the 2007 Annual Report and the 2007 Business Plan were presented.

From the Chair

Denise Heffron, Chair of TICO's Board of Directors, summarized the outcomes and achievements made in relation to the objectives set out in TICO's 2006 Business Plan. These included: the reduction of Compensation Fund contributions and the increase in registration and renewal fees, following the completion of an Actuary Report and extensive travel industry consultations after releasing a Consultation Paper on rate reforms; developing a Study Manual and exams to meet the requirements of TICO's Minimum Education Standards curriculum; the continuation of TICO's Consumer Awareness Campaign; the successful efforts of the Travellers' Protective Initiative (TPI), a Canada-wide alliance of consumer protection and industry groups, to bring about changes to the *Canada Transportation Act* with respect to air carriers' advertising disclosure and financial protection of consumer advance payments; and the enforcement of Ontario Regulation 26/05, which since its introduction in July 2005 has made significant changes to disclosure, advertising and financial criteria.

From the President and CEO

Michael Pepper discussed in greater depth the main developments and accomplishments for the past year.

As referred to above, the Actuary Report highlighted the need to ensure that appropriate revenue is generated to meet TICO's operating expenses.

The subsequent decision by the Board of Directors to increase registration and renewal fees was the first increase since 1993. However, this increase has been offset by the decision to reduce Compensation Fund contributions, resulting in an overall savings for the majority of TICO registrants. Over the next five years, it is anticipated that the level of the Compensation Fund will be reduced from \$30 million to \$25 million - with the ultimate goal to maintain the Fund at between \$20 million and \$25 million.

Developing the Minimum Education Standards curriculum has taken longer than anticipated, partly as it was decided to include the Travel Counsellor information and the Supervisor/Manager information in one Study Manual so that everything required is in one place. To ensure a quality product, a lot of work has been done by TICO's Minimum Standards Committee, the Board of Directors, the Canadian Institute of Travel Counsellors, educators, editors and the testing company being used to

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TICO BOARD OF DIRECTORS 2006-2007

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Consumers Council of Canada
Toronto

EX OFFICIO

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

LETTER FROM THE CEO



TICO staff understands that doing business in a regulated industry can sometimes be difficult. There are rules that must be complied with and sometimes it may feel like an overwhelming burden. However, there are many benefits to regulation. The fact that there is consumer protection legislation in place in Ontario gives consumers a level of confidence in our industry. TICO promotes the benefits of dealing with Ontario registered travel agencies in its Consumer Awareness Campaign. Consumers are encouraged to look for the TICO logo and registration number when booking their travel services. They know that if they book their travel in Ontario, travel agents are required to disclose certain information to them. Consumers take comfort in knowing that the Compensation Fund exists to protect them in the event of a bankruptcy or insolvency. When an agency fails and consumers are harmed, it reflects badly on the whole industry. Being in a regulated environment and having an organization monitoring that the rules are being followed and that businesses are financially sound helps to reduce the number of such potentially damaging events. TICO's inspection program is proactive and works to ensure that agencies understand and comply with the requirements. As a result of the program, over the past ten years, TICO has managed to reduce the number of claims paid by the Compensation Fund. These savings have been passed on to the industry by reducing Compensation Fund contributions. Overall, rate reforms have reduced the TICO costs of most registrants by approximately thirty per cent.


Trust accounting is now mandatory for all travel agencies. Consumer payments must be deposited into a designated *Travel Industry Act* trust account. Consumer monies are only to be used for the purpose for which they were intended - to pay for the travel services purchased. Regrettably, TICO staff encounters agencies that abuse the trust of their customers and use consumer monies to pay for unrelated expenses. When the consumers do not get the services for which they paid, it results in claims against the Compensation Fund. This is a burden to everyone in the industry who is paying into that Compensation Fund.

TICO wants to ensure registrants know that misuse of the trust account will not be tolerated. TICO takes such matters very seriously and will lay charges against the perpetrators. TICO has seen a rise in the misuse of customer credit cards. An example would be taking cash payments from one customer and then charging the travel services on another customer's credit card without their knowledge or authorization. Again, TICO takes these matters very seriously and will lay charges and work with other law enforcement agencies to ensure that those engaging in such unlawful activities are appropriately dealt with.

While some registrants may not like being regulated, if one has to be regulated, self-management is the better alternative. Remember, TICO is engaged in the management of your industry. The goal of the TICO Board is to ensure that there is a level playing field for the benefit of everyone in the industry. If your agency is in financial difficulty, come and talk to TICO staff. We will review the alternatives that are available and work with you to find a solution. It may mean closing up shop but don't let this ruin your future by abusing your clients' trust through misuse of their money.

Best regards, Michael Pepper

administer the exams, in addition to TICO staff. The final result will be a useful tool for registrants to understand the rules governing their conduct, so they can better serve the travelling public.




➤ Highlights of this year's Consumer Awareness Campaign included putting greater emphasis on television advertisements to promote the benefits of purchasing travel from a registered Ontario travel agency.




➤ The formation of a Consumer Advisory Committee to provide the Board with valuable advice and feedback on consumer travel issues and the Consumer Awareness Campaign.


The TICO-driven Travellers' Protective Initiative has worked extensively behind the scenes to get the federal government to improve consumer protection at the air carrier level, and was eventually successful in obtaining an amendment to Federal Bill C-11. If passed, it will improve disclosure of the cost of air travel in advertising, thereby levelling the playing field with respect to registrants in Ontario who must meet strict price advertising requirements.




➤ The implementation of Ontario Regulation 26/05 has led to a dramatic increase in compliance activity, with TICO staff working hard to ensure that registrants understand and are compliant with the Ontario *Travel Industry Act, 2002* and Ontario Regulation 26/05. With the new requirement that all registrants deposit customer funds in a *Travel Industry Act* trust account, or provide security in lieu of trust accounting, an additional financial inspector was hired to ensure that approximately 800 previously grandfathered agencies understand and comply with the trust accounting requirements.



➤ Gross sales for retailers totalled \$7.22 billion (down slightly from \$7.86 billion the previous year), while wholesalers' sales totalled \$2.42 billion (down from \$2.67 billion). Contributions to the Compensation Fund decreased from \$3,251,369 in 2006 to \$1,684,265 in 2007.



➤ Claims paid out by the Compensation Fund in 2006/07 for registrant failures totalled \$887,033, while recoveries brought in \$57,190. Claims paid in relation to end supplier failures totalled \$85,633. By year-end, the Compensation Fund stood at \$29,846,575.



➤ Registrations are down by 52 from the previous year, from 2,838 to 2,786. The breakdown is 83% retail and 17% wholesale registrations. During 2006/2007, TICO conducted 1,860 registrant financial bench reviews and 742 financial site inspections.

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New faces on TICO'S Board

Two elected members of the 15-member Board resigned during the past year. We extend sincere thanks and appreciation to **Bruce Bishins** of Helen Thompson Travel in Toronto, and **Trish McTavish** of McTavish Travel in Oakville.

Hearty congratulations are offered to the following: **Brett Walker**, Operations Manager, Collette Tours Canada Ltd, who was acclaimed for another three-year term as a wholesale representative on the Board; **Simon Parry**, President, Helen Thompson Travel, Toronto, who was elected to represent the industry at large for the remaining two years of a three-year position that was open to a retail, wholesale or other candidate; and **David Shaw**, President, Evans Intravel Inc. Orillia, who was elected to the Board's retail position for the remaining year of a three-year term.

Congratulations are also offered to **Scott Stewart** and **Jill Wykes**, who have been elected as TICO's new Chair and Vice-Chair respectively, each for a one-year term commencing June 26, 2007.



Obtaining the 2007 Business Plan

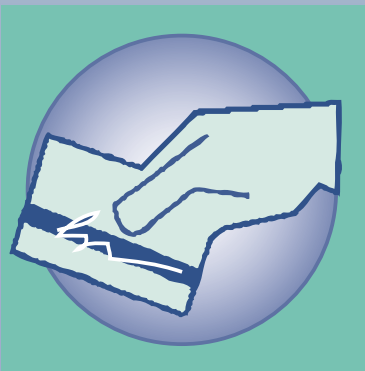
TICO has distributed copies of the 2007 Annual Report to every registrant. If you would like to have a copy of the 2007 Business Plan, you may either contact us to send you a copy, or it may be downloaded from our website at www.tico.ca, within the section "About Us".

Third party credit card payments - handle with care!

Whenver a payment on a third party credit card is accepted, TICO strongly advises registrants to have a signature on file indicating that the owner of the credit card has given their approval. It is a wise business practice to follow, and applies particularly to cases where a travel wholesaler accepts a third-party credit card payment from a travel retailer.

The issue came into the spotlight again recently, when it was discovered that there had been misuse of consumer credit cards during two recent retail closures.

Section 59 (5) of Ontario Regulation 26/05 states that a travel wholesaler is not entitled to be reimbursed for a payment by credit card if the registrant who processed the payment did not obtain approval for the payment from the customer and from the card issuer, in advance, in accordance with the agreement between the card issuer and the registrant.



Deborah Brown Director TICO Board of Directors



As Acting Director - Sector Liaison, Ministry of Government Services, Deborah Brown has worked extensively in the key area of governance with a variety of industries. Her knowledge and expertise provide a valuable dimension to her role as a Ministerial Appointee on the Board of Directors.



Prior to joining the TICO Board, did you have some background in the travel industry or travel-related issues?

Yes, I had been a policy advisor on the *Travel Industry Act, 2002*, and had been involved with other TICO-related issues for some time. As manager with the government department that oversees delegated administrative authorities, I was thoroughly grounded in TICO's issues well before I joined the Board. Among my responsibilities was to review and comment on TICO's performance statistics, business plan, and annual report, so I already had a close working relationship with TICO's staff. One of the benefits of joining the Board has been getting to know more of the stakeholders in the travel industry as a whole.



How long have you been on the Board, and which TICO committees are you mainly involved with?

I've been a Board member for almost two years and sit on the Compensation Fund Committee and the Governance Committee.



What did you feel that you could bring to TICO when you agreed to join the Board?

My major contribution is my experience in governance. I have been on the Board of Directors of the Canadian Motor Vehicle Arbitration Plan for some time, which entails working closely with consumers and vehicle manufacturers. I am also on the Tarion Board of Directors, which entails working closely with new homebuilders and consumers. I feel that I bring a balanced perspective between consumer and industry interests.

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From your personal standpoint, what is the importance of TICO? What issues are of prime importance?

TICO protects one of the biggest purchases people make yearly, and is a leader in the area of consumer protection. I believe it's very important that TICO continue to focus on its risk management programme, to identify as early as possible any risk registrants and to work with these registrants to ensure compliance with the statute and regulation. I think that early identification of issues or problems minimizes potential claims against the Compensation Fund, disruption to consumer travel, and also serves to help any registrants who may need TICO's assistance or guidance in ensuring they are meeting their responsibilities under the Act and regulations. It is also essential that TICO continue to address any issues that the industry or consumers raise regarding TICO's performance, outreach to registrants and consumers, and quality of service provided to registrants and consumers.

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Where do you hope to see TICO a year from now?

I expect that TICO will be leading other jurisdictions in consumer and registrant education. It is already a leader in the consumer protection field, through the consumer education campaign. The introduction of Minimum Education Standards is a good example of a proactive focus on industry professionalism, and enhances the already high standards of Ontario's travel professionals. I think this initiative will benefit both the travel industry and consumers alike.

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What do you see as the main challenges facing TICO?

Communicating with the general public on the benefits of purchasing travel services from a TICO registrant is a key priority - and the communications must always be in a clear, easy-to-understand format. As Ontario's population becomes increasingly diverse, TICO should move towards communicating in other languages, so that as many consumers as possible understand both their rights and their responsibilities.

The creation of the Consumer Advisory Committee has provided an excellent avenue for TICO to get invaluable input on the best, most effective ways to reach the general public. I should add that TICO has always placed great importance on educating consumers, and must be commended on their excellent work in this area, to date.

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What are your overall impressions of TICO?

I am very proud to be on the Board of Directors. TICO is an excellent example of a delegated administrative authority, and has done a terrific job in offering consumer protection since its inception ten years ago. I would also like to comment on the dedication of TICO's staff. They take great pride in their work, and are highly professional in everything that they do.

Revamping the Consumer Awareness Campaign

Watch out for a new look to TICO's Consumer Awareness Campaign over the coming year. We are in the process of asking a number of advertising and marketing companies to submit bids. Successful as the campaign has been to date, we have decided that in order to increase consumer awareness and to promote the benefits of purchasing travel services through TICO registrants, it would benefit from a fresh approach. Stay tuned!

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Other key projects over the past year included: drafting a new mandatory Registrant Code of Ethics; exploring alternate sources of revenue to finance the Compensation Fund; assessing the effectiveness of what TICO has done to date, through consumer surveys; maintaining and improving TICO's operational efficiency; and the maintaining and enhancing of communications and government liaison.

The audited Financial Statements for the year ended March 31, 2007 were presented and approved by the membership. A copy of the Financial Statements is included in TICO's 2007 Annual Report. ▲

TICO TALK feedback

Whenever 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.

Update: Minimum Education Standards

Due to the unanticipated time that it has taken to produce the Study Manual, TICO requested a change to Ontario Regulation 26/05 to delay the implementation date for one year, to July 1, 2009. It has since received approval from the government to make this change. The Study Manual is close to completion and the program is most likely to be launched early in 2008. We plan to include a detailed article in the next issue of **TICO TALK**.



Changes to Ontario Regulation 26/05

After the introduction of Ontario Regulation 26/05, it became clear that some areas required adjustment, to reflect the reality of working in the Ontario travel industry today. TICO worked closely with the government on how to address the problematic issues, and on June 21, 2007, Ontario Regulation 278/07 came into effect. Michael Pepper announced the following changes at the Annual General Meeting:

- * Minimum Education Standards - the effective date has been changed from July 2008 to July 2009.
- * Representations that refer to a price - **Section 33** of Ontario Regulation 26/05 has been amended to require a reasonable description of the travel services, instead of the name of air carriers, hotels and travel wholesalers. This had posed a problem for travel agencies selling cruise packages, since cruise lines often do not provide specific airline information until close to the departure date - which meant travel agencies were unable to comply with the requirement.
- * Invoicing requirements - **Section 38** of Ontario Regulation 26/05 has been amended to require only the name of the travel counsellor who made the booking and accepted the first payment to appear on an invoice. The section had previously required that names of every travel counsellor who had provided information to the consumer to be included on the invoice.

The driving force behind making the changes was to make it easier for TICO registrants to comply with the regulations while ensuring that consumer protection is maintained. Ontario Regulation 26/05 will continue to be reviewed over the next year, to assess whether further enhancements should be made to ensure that the regulations work effectively to protect consumers. ▲

Court Matters

► CHARGES



1482228 Ontario Inc. o/a Nile Travel and Mervat Daoud and Milad Daoud have each been each charged with one count of acting as a travel agent without being registered, contrary to **Subsection 4(1)(a)** of the *Travel Industry Act*, 2002. The defendants were previously charged on January 15, 2007 with one count each of operating without registration. The next court appearance is scheduled for October 2, 2007.

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Complaints arising from non-disclosure issues

There has been a disturbing increase in complaints from consumers concerning travel agents who are not disclosing fees such as consulting fees, processing fees or service charges. In addition to creating an image of lack of professionalism and trustworthiness to your clients, you are contravening the Regulation under the *Travel Industry Act, 2002* by not disclosing these fees.

There are several sections of the Regulation that relate to disclosure of fees, and it is very important that you conform to them. Perhaps the most important, **Section 44**, spells out clearly that all fees pertinent to all transactions must be disclosed to a customer before counselling the customer about travel services or selling travel services to the customer. In addition, a travel agent must tell the customer whether the counselling fee or service charge - or any part of it - is refundable or non-refundable, and under what circumstances. The customer must be aware, from the very beginning of their relationship with a travel agent, what all potential costs may be.

To illustrate the problem, a consumer purchased an airline ticket that they later had to cancel. They were charged a penalty fee that the travel agent told them was the airline's cancellation fee. When the consumer contacted the airline directly, they were told no cancellation charge had been applied - so in fact, it was the travel agent's own charge. Failure to disclose at the time of booking fees and penalties relating to transfer or cancellation is in contravention of **Section 36** of the Regulation under the *Travel Industry Act, 2002*.

Section 36 covers the duty of travel agents regarding disclosures and advice before entering into an agreement with a customer for travel services, and before taking payment or credit card information from the customer. It includes:

- ✓ conditions the customer should be aware of that may affect their decision to purchase
- ✓ disclosing the total price of the travel service, travel dates, and a fair and accurate description of the services to be provided
- ✓ explaining any requirements or limitations relating to transfer or cancellation of the travel services
- ✓ advising on the availability of trip cancellation insurance and out-of-province health insurance
- ✓ advising on documentation required and likely conditions to expect, when travel is outside Canada
- ✓ advising on any other conditions that relate to the transaction and to the travel services
- ✓ and informing the customer that the travel agent is required to answer any questions the customer may have arising from all of the above.

TICO cannot stress strongly enough the importance of every single travel retailer knowing and complying with the requirements of the legislation. ▲

Dates to note

September 28 - 30, 2007

Toronto Star Travel Show*
International Centre, Hall 6
6900 Airport Road
Mississauga



October 11 - 14, 2007

Ski Snowboard & Travel Show
Automotive Building
Exhibition Place
Toronto



November 2 - 4, 2007

National Women's Show
Metro Toronto Convention Centre
South Building
22 Bremner Boulevard
Toronto



- Please note that the time slot from 9 am to noon on September 28 is open to the trade only. TICO will be distributing informational material at all of the above shows.

Countdown on complaints

Last year TICO handled 182 written consumer complaints - compared to 188 in the previous year. By processing these complaints, TICO successfully assisted consumers in obtaining \$56,678.21 in restitution, compared to \$49,665.07 the previous year. Telephone complaint inquiries numbered 2,262 and 181 complaints were submitted via e-mail.

Upcoming Issues

In future issues of TICO TALK we plan to include:

- Overview of the *Travel Industry Act, 2002* Minimum Education Standards
- Highlights of TICO's 10th Anniversary Dinner
- Progress of the Travellers' Protection Initiative

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2700 Matheson Boulevard East,
Ste 402, West Tower,
Mississauga, Ontario L4W 4V9.

Tel: (905) 624-6241
Fax: (905) 624-8631
Toll-free: 1-888-451-TICO
web site: www.tico.ca
e-mail: tico@tico.ca

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Riverwatch Investments Inc. o/a Cruise Holidays of Brockville, Jean-Marc Belanger and Andre Belanger have each been charged with one count of operating as a travel agent without being registered, contrary to **Subsection 4(1)(a)** of the *Travel Industry Act, 2002*, and one count each of failing to maintain trust accounting, contrary to **Section 27(3)** of Ontario Regulation 26/05.

The defendants continued to operate as travel agents after the registration of Riverwatch Investments Inc. had been revoked under the *Act*.

Jason Konstantos was charged with one count of willfully failing or refusing to comply with a probation order dated January 31, 2005, contrary to **Section 75** of the *Provincial Offences Act*.

Mr. Konstantos had been convicted of operating as a travel agent without registration contrary to **Section 3(1)** of the *Travel Industry Act*. As part of his sentence, a probation order was issued imposing a two-year probation period and the obligation to pay restitution in the amount of \$62,175.94. Mr. Konstantos failed to make full restitution in accordance with the probation order.

► CONVICTIONS



Judy Kadet-Kovacs of G & P Travel Ltd was convicted of failing to maintain trust accounting, contrary to **Section 27** of Ontario Regulation 26/05 made under the *Travel Industry Act, 2002*.

Ms. Kadet-Kovacs was fined \$5,000 payable within 30 days, and sentenced to a two-year period of probation, which includes 500 hours of community service - to be completed within the probationary period.

Antonio Avella was convicted of four counts of willfully failing or refusing to comply with a probation order dated January 5, 2005, contrary to **Section 75** of the *Provincial Offences Act*. Mr. Avella was sentenced on January 5, 2005 to two years' probation after pleading guilty to three counts of acting as a travel agent without registration, contrary to **Section 3(1)** of the *Ontario Travel Industry Act*. One of the conditions of the probation order was the obligation to pay restitution in the amount of \$66,144.09 USD. Mr. Avella failed to make restitution as required. Mr. Avella was sentenced to 30 days in jail for each count, served concurrently.

► REVOCATIONS



Between May 2 and August 13, 2007, six companies had their registrations revoked: Legend Pacific Travel Inc.; Watan Travels Inc.; Gladys Tadros and Nabil Aldahaby o/a Voyages ABA Travels; 1543371 Ontario Limited o/a Payless Travel; Prince Travel Service Inc.; and Rohitha P. Dankotuwege o/a Sun Flower Air Travels. ▲