

Travellers' Protection Initiative:

THE QUEST FOR LEGISLATIVE CHANGE CONTINUES

With two changes in government since the Travellers' Protection Initiative was first launched by TICO in early 2005, the proposed amendments to the *Canada Transportation Act* are once again back on track. Bill C-11 is now at the Standing Committee stage. The changes covered by the Bill are wide-ranging, covering issues relating to airports, railway and marine transportation and infrastructure. Although the financial fitness of Canada's airlines is of huge importance to the Travellers' Protection Initiative (an alliance of like-minded consumer protection and business groups including TICO, the Association of Canadian Travel Agencies, the Public Interest Advocacy Centre and Quebec-based Option consommateurs), it represents a small component of the entire Bill.



A little background

The Travellers' Protection Initiative was formed out of a deep concern about air carriers' financial fitness. After the collapse of Canada 3000, the Ontario government amended Ontario Regulation 806/93 to allow reimbursement from the Compensation Fund for the failure of an end supplier (airline or cruise line) under certain

specific conditions. The change was made due to concerns that the legislation made travel registrants jointly and severally liable for repayment, if an airline failed. While consumers in Ontario may now claim against the Compensation Fund (as they did with the collapse of Jetsgo), it is clearly unfair since airlines do not contribute to the Fund.

Travellers' Protection Initiative goals

- **Financial accountability** - the federal government must introduce strong financial criteria for airlines, to include: **1)** establishing a trust fund as protection for advance ticket purchases; **2)** having minimum working capital; **3)** enforcing greater financial monitoring to ensure airlines compliance; and **4)** a Compensation Fund.
- **Advertising anomalies** - there should be a level playing field when it comes to advertising. Ontario's stringent legislation requires travel registrants to provide full price disclosure, excluding GST and PST, but airlines have no such obligation. As a result, most airlines do not include the many additional costs, which could be perceived as deceptive advertising. Bill C-11 must address this issue.
- **Disclosure of information** - Transport Canada should collect and regularly publish information on airlines' financial position and airline service,

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LETTER FROM THE CEO



TICO has received a number of complaints from registrants regarding the invoicing and advertising requirements contained in Ontario Regulation 26/05 ("Regulation"), which came into effect on July 1, 2005. Registrants have stated that they find the new provisions onerous and difficult or impossible to comply with. In response to the concerns, TICO has made a list of issues to be reviewed by the Legislative and Regulatory Review Committee to determine whether any changes to the provisions are required. The Legislative and Regulatory Review Committee has members representing both the retail and wholesale segments of the industry, as well as consumer and government interests. In the event that TICO decides to recommend changes, the industry will be advised and consultation will take place prior to any changes being implemented. Please be advised that the fact that TICO is looking into registrant concerns does not mean that registrants can disregard the current requirements. Registrants are expected to comply with the law as written.

TICO has also been receiving a number of inquiries regarding Minimum Education Standards, which are slated to come into effect on July 1, 2008. TICO had planned to introduce the Travel Counsellor Study Manual in the fall of 2006 and to introduce the Supervisor/Manager Study Manual at a later date. However, after careful review, it was decided that both the Travel Counsellor and the Supervisor/Manager information should be included in one Study Manual. This change will delay the release of the Study Manual as additional content must be developed and added. TICO is aiming to release the combined Study Manual in the spring of 2007.

The goal of producing one comprehensive Study Manual is to provide individuals with complete information. People who may want to learn more or who may want to advance in the industry in the future have the option of studying everything and/or writing both exams at the same time if they wish. TICO is aware that the July 1, 2008 effective date is quickly approaching and TICO will be monitoring to ensure that registrants are given adequate time to meet the requirements. TICO is also aware that many registrants are apprehensive about being required to write an exam regarding the Travel Industry Act, 2002 and Regulation; however, every effort is being made to ensure that the program is fair and beneficial to registrants.

The most difficult challenge for all of us is being able to adapt to change. The business model is constantly changing and consumer attitudes and demands dictate the path that we take. TICO has always taken a proactive approach to change and endeavours to work in the best interests of all stakeholders. This issue includes an update regarding the Traveller's Protection Initiative, Registration and Renewal Fees and TICO's Consumer Awareness Campaign. We hope that you will find the information informative.

Wishing you all a happy holiday season,

Michael Pepper, CEO

Registration and renewal fees: an update

As all registrants should be aware by now, the new schedule for registration fees was approved on August 29 by TICO's Board of Directors and came into force on September 1, 2006. In an undertaking of this size, there is inevitably a period of transition. Previously, notices for renewal fees were sent out on the anniversary of a registrant first joining TICO. Now, the renewal fees are to be paid annually, 90 days after the registrant's fiscal year-end.

Adding further complexity to the switchover, branch renewal dates are to be aligned with the renewal date of their head office, so that a head office and its branches will all renew their registration simultaneously. In addition, some registrants will be credited for the unused portion of their fees that have already been paid, on a pro-rata basis.

TICO is focusing on registrants with a current year-end. Although the renewals will be sent out as soon as possible, there is likely to be a small delay because of the extra administration involved.

If you have any questions, we encourage you to refer to TICO's web site, at

<http://www.tico.ca/news/ratereformconsultationpaper.htm> or to call us directly at (905) 624-6241 or toll-free at 1-888-451-TICO. In the meantime, as a reminder, here again are the revised schedules.

For registration fees:

ENTITY	REQUIRED FEE
Travel Agent or Travel Wholesale - Head Office	\$2,750
Travel Agent or Travel Wholesale - Branch Office	\$750

For renewal fees:

SALES VOLUME	RENEWAL FEE*
\$2,000,000 or less	\$250
More than \$2,000,000 but not more than \$5,000,000	\$500
More than \$5,000,000 but not more than \$10,000,000	\$750
More than \$10,000,000 but not more than \$50,000,000	\$1,000
Over \$50,000,000	\$1,500

* The renewal fees are now payable annually, 90 days after fiscal year end.



Dates to note

February 23 - 25, 2007:

Outdoor Adventure Show
International Centre
6900 Airport Road
Mississauga

April 19 - 22, 2007:

Travel and Leisure Show*
International Centre
6900 Airport Road
Mississauga

*Please note that the opening night, April 19, is open to the trade only.

TICO will be distributing informational material at the above shows.

TICO TALK feedback

As always, we would very much like to hear from you if you have any questions, comments or concerns on anything that you read in **TICO TALK**, or on any other matter that impacts the travel industry. Please do not hesitate to get in touch. We can be reached very easily - at (905) 624-6241, or at 1-888-451-TICO, or by e-mail to tico@tico.ca. We should also



bring to your attention that there has been a small change in our web site address. You will now find us at www.tico.ca, although if you type the old address, you will automatically be forwarded to the new one.

How's TICO doing?

A quick perusal of the 2006 Annual Report provides detailed insight on the activities that TICO is involved with, year-round. For example:

Claims

During the last fiscal year, the Licence Appeal Tribunal (LAT) heard two appeals regarding the eligibility of claims for payment from the Compensation Fund. In both cases, LAT upheld the decision of TICO's Board to disallow the claims.

Revocations

Seventy proposals to revoke registration were issued during 2005/06, for the following reasons:

○ Failure to file Form 1 contributions	16
○ Failure to file financial statements	35
○ Failure to maintain working capital	6
○ Other breaches of the Act and Regulation	13

Of these, 30 registrations were revoked, 34 proposals were withdrawn and eight were settled by consent order. By March 2006 there were just six outstanding proposals.

The consumer's experience

TICO distributed surveys to 332 consumers who had filed claims against the Compensation Fund during fiscal year 2005/06, inviting feedback on their experience with TICO's claims process. Eight completed surveys were returned to TICO.

☆☆☆☆ Seven consumers were overall satisfied with TICO's handling of their complaint, one was not.

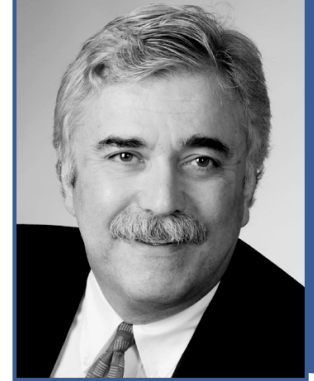
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PRESENTING

Michael Janigan

Director

TICO Board of Directors



Q & A

Since joining the Ottawa-based Public Interest Advocacy Centre (PIAC) as its Executive Director and General Counsel, in 1992, Michael Janigan has been deeply involved with a wide range of issues concerning transportation, including the airline business. As a result, on behalf of PIAC he has worked closely with the Canadian travel industry and found it to be a key ally in a number of PIAC's battles.

What is the Public Interest Advocacy Centre?

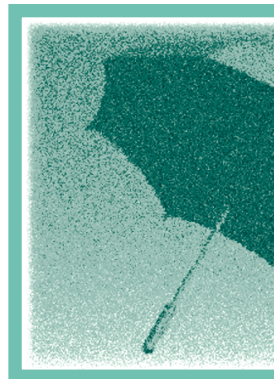
It is a 30-year-old non-profit organization that looks at the effect and delivery of important public services on residential consumers - especially those who are vulnerable. We provide research and legal services on behalf of consumers, especially at regulatory tribunals. The main areas we focus on are financial services, telecommunications, energy, broadcasting and transportation. As a result of our experience with these issues in the regulatory process, we are also engaged in public policy issues in privacy, competition, e-commerce, and general consumer protection.

What sort of travel-related issues does PIAC take on?

We became heavily involved during the merger of Air Canada and Canadian Airlines, as we attempted to ensure that passengers were accorded reasonable service and prices both during and after the merger. We began working closely with the travel industry at that time.

Why is TICO important to PIAC?

TICO is important on a number of levels. Firstly, it has a successful track record in ensuring that the interests of the travel industry and consumers are adequately considered during policy-making, by both the provincial and federal



Q & A

governments. Secondly, it is an excellent example of a well-run Delegated Administrative Authority (DAA) that is self-managed under the direction of the government, and in which public interests and goals are well represented. Recently, it was cited as an example to emulate when the possibility of establishing a telecommunications agency was looked at by the federal government.

When did you join TICO's Board of Directors?

I was invited to join the Board in January 2004. I agreed because of my background in consumer protection issues, and because it meant I could represent consumers in a formal setting in which important issues are discussed and determined. And I have also been able to apply my knowledge and expertise on the three main committees that I have been involved with - the Legislative and Regulatory Review Committee, the E-commerce Committee and the Complaints Committee.

Did you have specific goals when you joined TICO?

Yes - I wanted to ensure that the links between the consumer organizations that PIAC represents and the travel industry remain strong. As importantly, I wanted to bring the perspective of these consumer groups to the table. PIAC works with consumer groups across Canada, such as the Canadian Association of Airline Passengers. The Travellers' Protection Initiative is very much in line with PIAC's own policy goals, in that its principal overall objectives are to level the playing field for travel agents with regard to airlines, and to ensure that consumer protection standards are incorporated into the regulations that govern air carriers.

What do you consider the main challenges facing TICO?

The biggest challenge for the travel industry in general is to maintain its place as a source for providing informed advice and assistance to consumers when they are making their travel decisions. The challenge is to ensure that the value of these services are acknowledged and rightly compensated, and protected in the travel marketplace. Initiatives such as the Minimum Education Standards will earn far more recognition and value for the travel agent role - and in turn, consumers will be more protected.

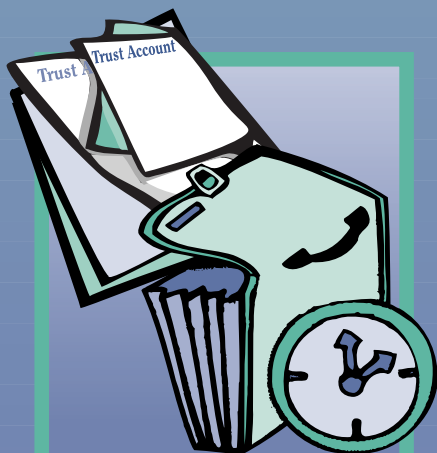
Overall, I would like to stress that the synergy between the travel industry's key players is absolutely vital when it comes to achieving consumer protection, and TICO's role is pivotal. ▲

Consumer Awareness Campaign: an umbrella approach

With the fast approach of the holiday season, TICO's Consumer Awareness Campaign is moving into high gear. Sixty-second television ads are being shown on Global and CTV, while OMNI TV is featuring 10-second billboard ads in English, Italian, Portuguese, Cantonese and Mandarin. The thrust of the ads is to inform consumers of the need to book their travel with a registered Ontario travel agency in order to be covered by the consumer protection provisions of the Ontario *Travel Industry Act*, and to be sure to look for the TICO sign. Ads will also be heard on radio stations throughout Ontario, and will appear in a number of ethnic and community newspapers. To make the most of this barrage of advertising, we strongly recommend that you have your TICO decal prominently displayed in your office, on your window, and on all printed and on-line materials. We also encourage you to have TICO posters on display, and to include TICO ticket stuffers with your clients' documentation. If you do not have enough, please contact us by phone or by e-mail and we will send fresh supplies to you immediately, free of charge.

Trust Accounting: ensuring compliance

To comply with the Ontario *Travel Industry Act, 2002* that came into effect on July 1, 2005, all registrants who had been grandfathered from trust accounting prior to that date were required to have a *Travel Industry Act* trust account designated by their financial institution. This time a year ago, TICO announced - in **TICO TALK** and elsewhere - that to facilitate registrants' compliance, TICO had prepared a form letter that registrants in this category could present to their banks to be signed. The letter basically confirmed the existence of a registrant's trust account. Currently, TICO inspectors are following up to make sure that all registrants who had previously been grandfathered from trust accounting are now in compliance, and to provide further information if these registrants have any questions on what is required.



Closing doors

Hillcrest Tour Group voluntarily terminated its wholesale registration under the *Travel Industry Act, 2002* on September 14, 2006. This company was located at 178 Centre Street East, Richmond Hill and sold mainly air, rail and hotel packages to various destinations.

In addition, 1091873 Ontario Inc. operating as One Step Travel, Student Escape Tours, Vacationel, Exit2.ca, and Parsia Travel voluntarily terminated its retail registrations under the *Act* on November 28, 2006. This company, which was located at 1916 Merivale Road, Suite 201, Ottawa, sold mainly package holidays - including for the student market - to a variety of destinations.

Any consumers who purchased travel services from any of the above-mentioned companies are being advised to make a claim on the Compensation Fund. Travel agents and/or consumers with concerns are encouraged to contact TICO at 1-888-451-8426 or (905) 624-6241 to request a claim form and/or to speak to one of TICO's Claim Co-ordinators.

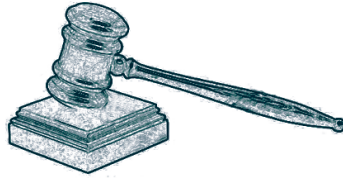


Since the end of June there have been 33 other closures of Ontario-registered travel retailers and travel wholesalers. Of these, seven, in addition to Hillcrest Tours and 1091873 Ontario Inc. have incurred claims - or are expected to - on the Compensation Fund. They are: Baldwin Travel & Tours Ltd. (see Charged), G & P Travel, Global Gateways Travel Ltd., Intercontinental Travel Centre Inc., Jes'Hue Travel (see Suspension List), Northumberland Travel and Skyport Canada Inc. (Skyport Travels & Tours).

A question of commissions

Following the announcement of the failure of Hillcrest Tours, TICO received a number of enquiries from travel agents who wanted to know whether outstanding commissions could be claimed from the Compensation Fund. There is no provision in Ontario Regulation 26/05 to allow commission to be paid from the Fund. The Regulation specifically states, in **Section 58 (5)**, that a travel agent is not entitled to be reimbursed for any commission or other remuneration, including a service charge, owing on account of the travel services purchased by the customer. ▲

Court matters



CHARGED

Baldwin Travel and Tours o/a Dynasty Travel and Ms. Harjeet Davda were each charged with one count of accepting bookings and payments from consumers for travel services after the registration of Baldwin Travel as a travel agent was suspended, contrary to **Subsection 10 (1)** of the *Travel Industry Act, 2002*. Ms. Davda is scheduled to make her first appearance at the Provincial Offences Court at 950 Burnhamthorpe Road West, Mississauga on November 24, 2006. (For further information, please refer to Closing Doors, on page 6.)

REVOCATIONS

Between August 3, 2006 and October 16, 2006, five companies had their registrations revoked: Skyport Canada Inc. o/a Skyport Travels & Tours; 1494760 Ontario Inc. o/a Exotique Expeditions; Pyrzas Themistocles o/a Pyrzas Travel Agency; 795021 Ontario Ltd. o/a Algonquin Travel; and The Travel People Inc. ▲

Travellers' Protection Initiative continued from page 1

including on-time performance, safety record and lost baggage statistics. If this were done, consumers would be able to make an informed decision on the travel services they plan to purchase.

• **An Airline Travel Complaints Commissioner** - the federal government eliminated this position a year ago, which means that consumers who are dissatisfied with their treatment by airline companies have no one to appeal to. The government has said that the Canadian Transportation Agency fulfills this role. The Travellers' Protection Initiative disputes this, since the entire budget for assisting consumers has been eliminated. The position and its budget should be reinstated.

Recent developments

In October 2006, TICO CEO Michael Pepper and other representatives of the Travellers' Protection Initiative appeared before the all-party Standing Committee to present their arguments on why the above changes and additions should be made to Bill C-11. They received a lengthy hearing, at which the Committee members listened carefully and posed many questions. A further opportunity to discuss their proposals - and the best means to achieve them - is to follow in early November, at a meeting with Transport Canada and the Canadian Transportation Agency.

According to Mr. Pepper, "We are very hopeful that changes will take place. As the Canadian airline sector is currently stable, it is an ideal time to introduce higher regulatory standards before any newcomers join the industry." ▲

Suspensions now on website

Since TICO is legally obliged to advise consumers of suspended registrants, the Registration Suspension List has recently been added to our web site. When we have grounds to believe that a registrant is contravening the *Travel Industry Act, 2002*, TICO may temporarily suspend the registration. As it is temporary, the registrant has the right to appeal to the Licence Appeal Tribunal. A suspension does not necessarily mean that the registrant's license will be revoked, only that the registrant has been ordered to stop its operation for a period of time. During its suspension, the registrant may finalize bookings paid in full prior to the suspension, but is prohibited from accepting new bookings. If the registrant wishes to appeal TICO's decision, a hearing is generally held quickly. At that time, their registration is either terminated or they are removed from the Suspension List. It is important to note that Ontario-based travel wholesalers and retailers may not deal with any registrant whose license is suspended or revoked.

How's TICO doing? continued from page 4

☆☆☆☆☆ Seven were satisfied with the fairness of the process, one was not.

☆ The one dissatisfied consumer felt that too much supporting documentation was required to prove a claim. (TICO is required to ensure all claims meet the requirements under the Regulation.)

Upcoming Issues

In future issues of TICO TALK we plan to include:

- Overview of the *Travel Industry Act, 2002* Minimum Education Standards
- Update on the Consumer Advisory Committee
- Progress of the Travellers' Protection Initiative

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Update on the consumer advisory committee

Three main areas were reviewed at the September meeting of the Consumer Advisory Committee, and their overall feedback was extremely positive.



• *The Compensation Fund Claim Form*

The Committee was asked to review this, along with the Deficiency Notice and a sample letter sent to a consumer pertaining to the claims process. Some thoughtful questions and helpful comments were made - such as simplifying some of the language - that will be carefully evaluated by TICO.

• *Consumer Information Pamphlets*

The Committee was asked to provide feedback on the presentation and content of three pamphlets, *Compensation Fund*, *Assisting Consumers with Travel Agency & Travel Wholesaler Complaints* and *Consumer Tips for Purchasing Travel Services Online*. Some suggestions on wording and design were made that will be considered by TICO.

• *Consumer Awareness Campaign 2007/2008*

The Committee was asked for feedback on TICO's television ads, and its thoughts on how, going forward, the campaign could be developed. Its suggestions included making TICO's window decals more prominent in the ads. As far as further outreach was concerned, it proposed making TICO's consumer information pamphlets available in Ontario's libraries, and extending advertising coverage to other magazines and radio stations. ▲

Web site rules for Outside Sales Representatives

If an Outside Sales Representative (OSR) wishes to set up a web site, he or she must comply with the legislation outlined in Ontario Regulation 26/05. Here, as a reminder, are the procedures that must be followed:

- There must be a written contract between the OSR and the TICO agency that they represent, as specified in **Section 12 (2) (b)** of Ontario Regulation 26/05.
- As outlined in **Section 9** of the Regulation, the name of the web site must be registered as a name appearing on the registrant's registration.
- The web site must include the registrant's business name, address and TICO registration number, and may NOT include any reference to the OSR's home telephone number, according to Ontario Regulation 26/05, **Section 31**.

All payments made to an OSR must be made payable in the name of the registrant. It is the OSR's obligation to make it clear that the consumer is dealing with a TICO registrant. ▲