

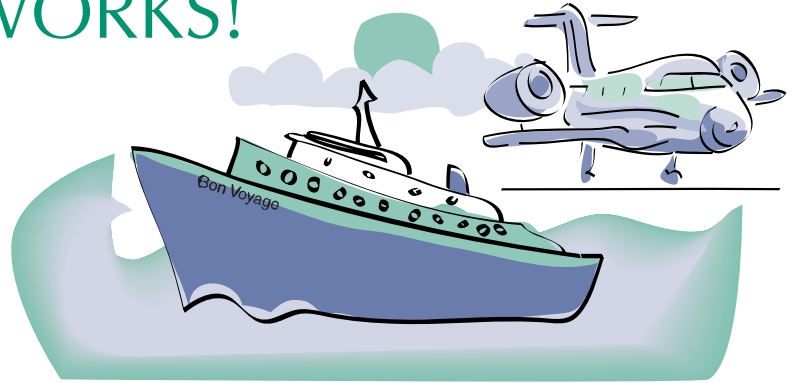
# SUCCESS AT LAST... END-SUPPLIER AMENDMENT IN THE WORKS!



**T**HURSDAY, APRIL 29 was a grand day for the Ontario travel industry, with the introduction of a bill in the Legislature aimed at strengthening consumer protection and safety. Included within the Ministry of Consumer and Business Services Statute Law Amendment Act, 2004 are changes to Section 25 (2) of the *Travel Industry Act, 2002*. After years of extensive lobbying by TICO and other travel industry associations, the urgent need to eliminate travel agents' end-supplier liability is being addressed.

After the collapse of Canada 3000, the *Travel Industry Act* Regulation was amended to protect consumers against the failure of an end-supplier, airline or cruise line, by permitting them to claim against the Compensation Fund. Travel agents, however, remained jointly and severally liable - which, in the case of a huge failure, would be disastrous. With the new amendment in the works, registrants' liability for an end supplier's failure may be eliminated.

Ever since 1997, when it began its legislative and regulatory review, the unfair burden of an end-supplier failure on travel agents was of great concern to TICO. Last year TICO partnered with the Ministry of Consumer and Business Services on a marketplace study to identify gaps in consumer protection, and it concluded firmly that reform of the *Act* was urgently required. In February, Richard



Vanderlubbe, Chair of the TICO Board and Michael Pepper met with the Minister of Consumer and Business Services, Jim Watson, to discuss the end-supplier failure issue. At that time, the Minister committed his staff to analyzing the situation and making recommendations.

In a letter following this meeting, Mr. Watson stated: "It is very important to me that the travel regulatory regime in Ontario continues to provide excellent consumer protection, while also ensuring that travel agents do not face an individual liability for matters beyond their control."

## THE DRAFT REGULATION AND THE TOWN HALL PROCESS

The release by the Ontario government of its proposed changes to travel industry regulations under the new *Travel Industry Act, 2002* included a request for public comment, to be received by April 30, 2004. TICO encouraged all

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# TICO BOARD OF DIRECTORS 2003-2004

## INDUSTRY REPRESENTATIVES

Richard Vanderlubbe - Chair  
President  
Travel Superstore Inc.  
Hamilton

Jill Wykes - Vice Chair  
Vice President, Sales  
North American Leisure Group  
Toronto

Michael Foster  
General Manager  
Uniglobe Instant Travel Inc.  
London

Nigel Jenkins  
President  
Signature Vacations  
Toronto

John Kennedy  
Vice President  
TravelPlus  
Toronto

Mike Merrithew  
President  
Merit Travel Group  
Toronto

Trish McTavish  
Vice President, Sales  
McTavish Travel  
Oakville

Phil Sproul  
Vice President, Sales,  
Air Canada Vacations  
Mississauga

Scott Stewart  
President  
G. Stewart Travel Services Ltd.  
Peterborough

Brett Walker  
Manager  
Collette Tours Canada Ltd.  
Etobicoke

Kathleen Warren  
Manager  
Meconi Travel Agency Ltd.  
Windsor

## MINISTERIAL APPOINTMENTS

Replacement TBA

W.H. Bruce Fraser, C.A.  
Management Consultant  
Toronto

Michael Janigan  
Executive Director and General Counsel  
Public Interest Advocacy Centre  
Ottawa

Edward Warren, QC  
Solicitor  
Warren & Jensen  
Kemptville

## EX OFFICIO

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

## LETTER FROM THE CEO

In the last newsletter, I updated you on the proposed changes to the *Travel Industry Act* Regulation and provided some details about the reform process. Since then, TICO has received the draft Regulation, which was released by the Ministry of Consumer and Business Services (MCBS) for public comment. The Ministry is seeking input from stakeholders on the proposed changes. The deadline for comments is April 30, 2004. The Ministry will be considering all comments received in preparing the final regulation.



In order to ascertain the views of stakeholders and to encourage comments on the draft Regulation, TICO conducted information sessions in eight locations across the province. The purpose of these meetings was to explain the proposed changes that were in the Ministry's draft and to get feedback from stakeholders. There were two issues, which were raised repeatedly at the town hall meetings and in written submissions from registrants. Those issues were all-in price disclosure in advertising and the expansion of the exemptions to registration under the *Act*.

Following the information sessions, the TICO Board of Directors reviewed the draft Regulation in detail and a submission is being prepared for presentation to the government. That submission includes recommendations regarding the two issues referred to above. The views expressed by stakeholders at the meetings and in written submissions have been considered by TICO when preparing its response. A progress report will be posted on TICO's website as developments unfold.

Also, since the last issue, TICO received a commitment from Minister Watson to propose changes to the *Travel Industry Act, 2002* to address the issue of end supplier failure liability. Minister Watson followed through with that commitment by introducing the *Ministry of Consumer and Business Services Statute Law Amendment Act, 2004* (Bill 70) for first reading on April 29, 2004. TICO is very pleased with this development and will keep you updated on the progress of this issue.

TICO's Business Plan for the period 2004 - 2007 has been finalized and approved by the TICO Board. It will be released, along with TICO's Annual Report, at the TICO AGM, which will take place on June 29, 2004. We hope to see you all at the AGM. In the interim, have a great spring season.

Sincerely,

A handwritten signature in orange ink, which appears to be "Michael Pepper". The signature is stylized and somewhat cursive.

Michael Pepper  
CEO



## 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 29, 2004 at the Board of Trade of Metropolitan Toronto (Airport Location), 830 Dixon Road, Etobicoke, 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 11, 2004, 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, 2004 will be available at the Annual General Meeting and may be requested in writing prior to the meeting.

DATED at Mississauga this 14th day of April, 2004.

On behalf of the Board of Directors

Tracey McKiernan

Secretary

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Toll-free: 1-888-451-TICO  
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## Upcoming AGM

**TICO** recently invited all registrants to submit nominations for one elected wholesaler position on the TICO Board of Directors. The term of office will be for three years, commencing at the Annual General Meeting.

Included with the invitation was a Board Member Profile, which outlined the skills, knowledge and experience required of individual Board members, along with the Terms of Reference under which all Board members should operate. (For further information, see Page 5.) April 23, 2004 was set as the deadline for submitting nominations. Only one nomination was received. The acclaimed individual will be announced at the AGM, on June 29, 2004.

## Business plan and annual report

**T**he Business Plan for 2004 and Annual Report for 2003 - 2004 are currently being prepared for presentation at the AGM on June 29, 2004. Copies of both will be made available to all registrants.



## Farewell to Sue Corke

As a representative of the Ontario government, Sue Corke has been an active and dedicated member of the TICO Board of Directors since 1997. With her recent promotion to Deputy Minister, Ministry of Consumer and Business Services, Sue has been obliged to resign from TICO. We would like to extend grateful thanks for Sue's infinite contributions to the Board, and to offer congratulations on a well-earned promotion.

## Clarification due

An article on Canada 3000 in the last issue of **TICOTALK** inferred that TICO was processing refunds on all completed claims against Canada 3000 Holidays. In fact, the Judicial Trustee, PricewaterhouseCoopers LLP is still making its distribution payments. However, TICO is processing all claims received, so that as soon as the Trustee has made its final distribution, we will be ready to commence the refund process immediately.



## Michael Pepper, President and Chief Executive Officer



As the person at the helm of the Travel Industry Council of Ontario, Michael Pepper enjoys a deep knowledge of the people and the travel business. The path that led him to such a pivotal role in one of Ontario's - and Canada's - leading industries is revealing.

Travel has always figured prominently. During a stint with the Royal Air Force, Michael saw a fair amount of the world and his travels increased when he joined, in 1972, International Shipping Trustees (IST), a Swiss company owned by Société Générale de Surveillance, which provided verification, testing and monitoring services for international trade. IST was a neutral body that oversaw international shipping. Fair dealings between shipping lines, and between the agencies and shippers (such as exporters and freight forwarders) were paramount - just as they are now, between the various players in the travel industry.

In 1977, Michael came to Montreal to head International Shipping Trustees Canada. A two-year posting turned into six, by which time, he had become a Canadian citizen. This was followed by five years in New York, as president of International Shipping Trustees. He then joined The Adherence Group, another Swiss company involved in regulating international shipping, to start its Canadian operation. He moved back to Montreal in 1988 and, besides overseeing the Canadian operation, sat on the company's Board of Management in Zurich.

1991 saw another change as Michael moved to Toronto, to join the Ontario Ministry of Consumer and Commercial Relations as the Registrar for Travel. He remained with the government until early 1997 and was almost on a plane to take up a position in Britain when he was hired as CEO of the newly formed Travel Industry Council of Ontario in June 1997.




TICO was challenging from the beginning. Transferring the responsibilities from the government and setting up systems was a huge undertaking. "But it was made much easier by the superb help I had from the Board of Directors and TICO staff."

Although still Registrar, Michael has a much expanded role. As CEO, he is responsible for the administration of the *Travel Industry Act*, and for overseeing the Compensation Fund (which, prior to TICO, had been a separate corporation), including investments and disbursements.

Most importantly, says Michael, TICO has adopted a much more proactive approach to risk managing the travel industry. Working hard to reduce failures and minimize claims, by zeroing in on registrants' finances and standards of operations, it has seen the Compensation Fund grow from \$4 million to \$25 million, and registrants' contributions have been cut in half. What's more, TICO is recovering more monies than ever before.

"The secret," he says, "is to surround yourself with good people and I have a tremendous team at TICO. Perhaps the biggest achievement has been our on-going advocacy to revise Section 25 of the *Act* and eliminate registrants' liability for end supplier failure (see story on Page 1)."

Michael is also proud of TICO's ever-growing professionalism, through increasing governance and Board members' accountability, and the careful formulation of guidelines, policies and procedures.



Despite the demands of work, Michael managed to fit in a raft of volunteer activities over the years, from baseball coach ("never having played the game...") to the Credit Counselling Board and the Kidney Foundation. He is also a proud recipient of the Duke of Edinburgh's Award. Anything else? "I'm a bit of a fitness freak. I've played squash forever and I like to run, ski and bike." When possible, he escapes to his lakefront retreat in the Laurentians with Caron. When not on the road, in the office or in Québec, he resides in Oakville. "My home town for the last thirteen years - and the longest I've lived anywhere".

Looking to the future, harmonizing travel industry standards across Canada is one of his main hopes over the coming years, with strong involvement at the federal level. Challenges such as this should keep Michael occupied for some time to come! And then retirement... one day. ▲

## Board member profile

As outlined in the invitation for nominations, each Director on the Board of TICO brings unique skills and experience. Collectively, TICO expects Board members to:

- Provide credible stakeholder perspectives
- Provide strong participation that strives for excellence and supports consensus building
- Be strategic thinkers who take a governance-focused approach to Board responsibilities
- Demonstrate a willingness to support TICO's vision.

The collective Board should include members with knowledge of and experience in the following areas:

- Travel industry
- Membership on Boards of Directors, including not-for-profits
- Possess diverse perspectives on business, regulated industries and consumer issues
- Risk management and analysis
- Public policy and regulatory environments
- Financial literacy
- Marketing, public relations and communications
- Public education
- Building partnerships and strategic alliances
- Developing and operating businesses

## Closing doors

Anza Travel Ltd. voluntarily terminated its retail registrations under the *Travel Industry Act* on March 26, 2004. This company was located at 130 Bloor Street West, Suite 1201 in Toronto and at 220 Laurier Avenue West, Suite 335 in Ottawa. It mainly sold air and packages to Australia, New Zealand and Fiji.

TICO is currently contacting consumers who are affected by the closure, and who have bookings with future departures, in order to notify them of the closure and the process for filing a claim against the Ontario Travel Industry Compensation Fund. Any consumers who have purchased travel services from Anza Travel and who may be at risk of not receiving the travel services purchased are asked to contact TICO for assistance. You may 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.



## Court Matters

### ► CHARGED

1042164 Ontario Inc. o/a Bon Voyage Holidays and Maria De Lourdes Santos were charged with one count each of operating without registration, contrary to Section 3(1) of the *Travel Industry Act*. The first appearance is scheduled for May 18, 2004 in Cambridge Provincial Offences Court.

### ► CONVICTIONS

Felix Mogado was sentenced on April 14, 2004, following his conviction on September 3, 2003. Mogado was convicted of three counts of operating without registration, contrary to Section 3(1) of the *Travel Industry Act*. Mogado was placed on probation for two years. The conditions of his probation include full restitution to his victims in the amount of \$6,134 over 24 months. He is also prohibited from working as an employee of a travel agent without the permission of the Registrar, and from acting or holding himself out to be a travel agent.

Louis S. Farah plead guilty to one count of failing to promptly deposit and maintain all funds as payment of travel services, contrary to Section 19(3) of Regulation 806/93 made under the *Act*, one count of failing to keep and maintain a record of all payments made by or to a registrant, contrary to Section 37(1) of the Regulation and one count of unfair business practices, contrary to Section 2(1)(viii) of the *Business Practices Act*. Farah received a suspended sentence with 12 months' probation, which included a proviso that he is not to act as a travel agent.

### ► REVOCATIONS

Between January 22 and April 23, 2004, four companies had their registration revoked: 1063164 Ontario Ltd. o/a Centro Travel Agency, Aero-Can Travel Inc. o/a Galaxy Holidays Travel, Adamovic Triva & Adamovic Zlatija o/a International Tourist Travel and Skyline Tours Ltd. ▲



# Consumer Awareness Campaign Going Gangbusters!

Judging by the activity on TICO's website and the response from consumers, we are delighted to report that the Consumer Awareness Campaign appears to be working! More registrants than ever before are downloading TICO's logo from the website. We encourage you to continue to do so... and to use the tag line - "Always look for the TICO sign before you book your travel time" - on all of your print, web-based and advertising materials.

As mentioned in the January-March 2004 issue of TICOTALK, posters that support our current campaign will be distributed to all registrants in May, along with striking new TICO decals for your windows and doors. The more prominently these are displayed, the more we reinforce the campaign's key message.

As further proof of the effectiveness of our campaign, a surprising number of consumers at travel shows have told TICO that since seeing our TV commercials or hearing them on the radio, they now make a point of checking for the TICO logo before making any travel arrangements. Needless to say, these comments are music to our ears!

We thank you for helping us make this happen. Please continue the good work! ▲



Susan Janko, Administrative Assistant and Tina Shewchuk, Client Services Representative, represented TICO at the Outdoor Adventure Show, which took place at the International Centre, Mississauga in February.

## Dates to note

June 11, 2004:

CITC's 16th Annual Educators' Update Board of Trade of Metropolitan Toronto (Airport Location) 830 Dixon Road Etobicoke TICO will be distributing informational material at the above show.



## Birth Certificate Delay continues

With the rush of summer travel fast approaching, the Ministry of Consumer and Business Services has asked TICO to remind registrants that it currently takes the Office of the Registrar General a minimum of 18 weeks to process regular birth certificate applications. As we informed you in the last issue of TICOTALK, a birth certificate is the primary identity document required when applying for a Canadian passport. In addition, a birth certificate is often required for travel throughout North America - especially for Canadians travelling to the United States. To better serve your clients and avoid last minute cancellations, it is important to share this information with your clients. For the most up-to-date information, TICO is posting a weekly update that can be accessed from the homepage of our website at: [www.tico.on.ca](http://www.tico.on.ca). Please check it out!

# Upcoming Issues

In future issues of TICO TALK we plan to include:

- Update on the Legislative and Regulatory Review
- Update on Canada 3000
- Report on TICO's AGM
- Profiles on TICO staff and much, much more!

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*Success at Last... End Supplier Amendment on the Books! continued from page 1*

stakeholders to review the draft regulation and to provide input. Prior to making its own submission, TICO organized eight Town Hall meetings - in Toronto, Hamilton, Kitchener-Waterloo, London, Windsor, Sudbury, Kingston and Ottawa - in order to answer registrants' questions on the government paper and to listen to their views.

One of the main concerns is the proposal that prices of advertised travel services should reflect an 'all-in' price, with the exception of provincial and federal sales taxes. Since not everyone who advertises travel services is subject to the conditions of the *Act* -- such as airlines, who can advertise their "low" prices without including all of the inevitable add-ons -- asking registrants to state full pricing is unfair.

While TICO agrees wholeheartedly that there should be more disclosure, it also recommends that more time be spent considering how to harmonize standards so all suppliers advertise price in a consistent way across all provinces, territories and jurisdictions, including airlines and the federal government. This would be eminently fairer for both Ontario registrants - who often compete against suppliers in all of these areas - and consumers. Indeed, the national Consumer Measures Committee is already reviewing this issue.

The new and expanded exemptions to the *Act* proposed by the government are another major concern. One group proposed includes accommodation providers and local tourism operators, so that, for example, local hotels would be able to package local products without being subject to the *Act*. Many registrants have expressed their objection to this proposal for a number of reasons: reduced consumer protection; competing against unregulated local providers; the potential for exploitation; and no definition of what is "local".

In addition, the government proposes to expand the exemptions, under Section 2 of the Regulation, to include amateur sports groups, religious groups and unincorporated associations. TICO has also heard objections from registrants to this proposal because it is believed some groups will exploit their exempt status, while competing against Ontario's registrants.

Other issues raised at the Town Hall meetings included working capital requirements, the extension of trust accounting to all registrants and how Compensation Fund contributions are calculated. (Currently, alternative ways to finance the Compensation Fund are being considered, but it is a complex issue to tackle.) ▲

