

a response to

DRAFT REGULATION



Profound consideration - based on feedback provided at information sessions in eight cities across the province, written submissions and telephone calls from stakeholders - went into TICO's submission on the draft Regulation under the new *Travel Industry Act, 2002*.

Although the submission covered five areas - all-in-one price disclosure, exemptions,

educational requirements, claims and working capital - all-in-one price disclosure and exemptions generated the most concern.

TICO's complete response may be seen on the website, but here are some of its highlights.

All-in-Price Disclosure

TICO strongly supports full disclosure in travel advertising. However, TICO does not believe that Ontario should implement all-in pricing in isolation as Ontario registrants could be placed at a competitive disadvantage if they are required to advertise in a way that their competitors are not. TICO believes that this issue should be approached on a national basis so that everyone is required to advertise in a consistent way and there is a fair basis to compare prices across the country.

Exemptions

While TICO recognizes the desire to encourage tourism in Ontario, it does have some concerns with respect to the way in which the exemption for local accommodation providers and tourism operators has been drafted. The draft Regulation is not clear with respect to what "local" means. As a result, there

is some concern that the exemption could be exploited, which could potentially result in a reduction of consumer protection.

Educational requirements

TICO strongly supports the need for educational requirements in the industry. TICO does have concerns, however, that the two-year deadline for registrants to be compliant may be a bit onerous. While TICO does not want to delay the introduction of educational standards, TICO wants registrants to have a reasonable period of time to meet the requirements. As the minimum educational standards course will need to take into account any legislative or regulatory changes and travel schools will need time to incorporate the courses into their curricula, which may take some time, TICO wants to ensure that there is enough time and course availability to meet demand, without undue hardship to the industry. Registrants can still be encouraged to comply early even if they are not required to be compliant until a later date.

Claims

TICO recommends that the draft Regulation be amended to make it clear that consumers must have paid for the travel services prior to the failure. TICO has already faced situations in which a registrant extends credit to a customer and books their travel without receiving any customer funds. When the failure occurs, some registrants have demanded that the customer pay, in order to be able to submit a claim to the Compensation Fund. In these cases, the Fund is covering the registrant's business risk, which is not appropriate.

Working Capital

TICO recommends that working capital for new registrants be assessed on the basis of the projected sales volume indicated in their business plan.

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TICO BOARD OF DIRECTORS 2003-2004

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Transat Tours Canada Inc.
Etobicoke

John Kennedy
Vice President
TravelPlus
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Merit Travel Group
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Steve McCullough
President
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Donna Holmes
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Ministry of Consumer and Business Services
Toronto

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

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

Ted Warren, QC
Solicitor
Warren & Jensen
Kemptville

EX OFFICIO

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

LETTER FROM THE CEO

On June 29, 2004, TICO held its Annual General Meeting (AGM). This year marked the 7th anniversary since the introduction of self-management in the travel industry in Ontario. It was June of 1997 when TICO first assumed responsibility from the provincial government to administer the *Travel Industry Act*. Many things have changed in that time, as was evident from the 2004 Annual Report and 2004 Business Plan, which were released at the meeting. The meeting went smoothly, with approximately 100 individuals in attendance; however, only a handful of Registrants came to cast their votes on membership issues. The TICO Board of Directors and TICO staff would like to see a larger turnout at this annual event. TICO needs to hear your views on the issues facing the industry and the direction that TICO, as an organization, is taking.



The Town Hall Meetings, which were held across the province in April and May to inform registrants about proposed changes to the *Travel Industry Act* and Regulation, were also poorly attended. The low registrant turnout causes some concern as many of the anticipated changes to the Ontario *Travel Industry Act* and Regulation will affect how you operate your businesses for years to come. Is this a positive sign? Is it a negative sign? Is it apathy? I would like to think it is a positive sign and that TICO is doing a good job representing the interests of the industry through its volunteer 15-person Board of Directors. Eleven of those Board members are industry representatives. Presumably, if registrants were unhappy, they would be out in droves to lodge complaints, wouldn't you think?

TICO's track record over these last seven years has been superb and I am not saying that to blow my own horn. We have a great staff at TICO and we have had great Board Members who dedicate their time and attention, so let's do this group justice, and show some interest and appreciation for their efforts. Take a look at the TICO website for the news updates. I encourage you to take an interest in the changes that will affect you. Let your voices be heard and express your views. Yes, we like to hear positive feedback, but we also want to know if you disagree with positions TICO is taking; and if you think we are off track, we want suggestions on how to make improvements. This is your industry, so let's all make an effort to work together to ensure it has a strong and prosperous future.

Have a great summer.

Sincerely

A handwritten signature in orange ink, which appears to be "Michael Pepper". The signature is stylized and cursive, written over a white background.

Michael Pepper, CEO

Synopsis of the 7th ANNUAL GENERAL MEETING

THE SEVENTH ANNUAL GENERAL MEETING OF TICO TOOK PLACE ON JUNE 29TH AT THE BOARD OF TRADE, AIRPORT CENTRE, AND THE 2004 ANNUAL REPORT AND THE 2004 BUSINESS PLAN WERE PRESENTED.

From the Chair

Richard Vanderlubbe, Chair of TICO's Board of Directors, summarized the progress made on the objectives established in the 2003 Business Plan.

- Completion of a self-evaluation of the Board of Directors, resulting in a new Governance Committee Work Plan, a review of the Board's Code of Conduct and codification of TICO's Election Policy.
- Continuing the Legislative Review Process, from responding to possible changes to the legislation to looking at consumer protection issues, including the elimination of gaps in consumer protection.
- Updating and improving TICO's programs and operational efficiency in light of e-commerce.
- Preparing a draft curriculum for Minimum Education Standards, including an implementation plan in partnership with the Canadian Institute of Travel Counsellors.
- Reviewing existing policies and the adoption of a new Privacy Policy, in keeping with federal privacy legislation.
- Ongoing dialogue with provincial and federal government counterparts on issues such as establishing consumer protection measures at the federal level for end-supplier failures.

From the President and CEO

Michael Pepper presented the operating structure of TICO, which consists of 19 full-time employees and two part-time employees. He then described the make-up of the 15-member Board, and provided an update on the main activities of the Board's ten committees.

Business accomplishments for the past year included initiating work on developing a Consumer Advisory Council; consulting with the Ministry of Consumer and Business Services (MCBS) on specific legislative proposals for reform that required further input from TICO; continuing the development of a compliance program to monitor registrants operating on the Internet; participating in a federal pilot project that resulted in the Canadian Code of Practice for Consumer Protection in Electric Commerce; initiating discussions with MCBS on exporting the TICO model beyond the scope of Ontario; establishing a

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Time, again, to say thank you!

Another year has passed, in which a stalwart few have devoted an immense amount of time and energy working on TICO's Board of Directors to build a more professional and profitable travel industry in Ontario. Over the past year, four members of the 15-member Board retired. We would like to offer great appreciation and thanks to **Sue Corke** and **Robert Pentland**, both appointees of the Ministry of Consumer and Business Services; and to two of CATO's representatives, **Nigel Jenkins** and **Phil Sproul**.



In addition, we extend a warm welcome to

Denise Heffron of Transat Tours Canada and **Steve McCullough** of Globus & Cosmos, who recently joined the Board as representatives for CATO, and to **Donna Holmes**, who represents the Ministry of Consumer and Business Services. Hearty congratulations are also offered to **Jill Wykes** and **Mike Foster**, who have been elected as TICO's new Chair and Vice-Chair respectively, each for a one-year term commencing June 29, 2004, and to **Brett Walker** who was re-elected by acclamation for a three-year term.

Some hot issues...

One of TICO's responsibilities is to respond to consumer complaints. In the past year we handled 227 written complaints - an increase of 10% over the previous year - and received between 100 and 150 telephone and walk-in complaint inquiries each month. Here are the top ten problems:

1. Misrepresentation of travel services in an advertisement or a brochure.
2. Outstanding refunds.
3. Dissatisfaction with services or accommodation in a destination, that the consumer purchased.
4. Cancellation of travel services by consumers who are not covered for refunds due to their reason for cancellation and/or non-purchase of travel insurance.
5. Incorrect ticketing and ticketing errors.
6. Incomplete or incorrect information provided to the consumer by a registrant, on the travel products or services being sold.
7. Incomplete or incorrect information provided on the travel documentation required for each person travelling.
8. Price disputes - over misquotes or price increases, for example.
9. Changes to accommodation or the standard of accommodation purchased by the consumer, either at the last minute or on their arrival at destination..
10. Cancellation of travel services by the travel wholesaler or travel agency.

Jill Wykes Chair, TICO Board of Directors



Although the "new" chair of TICO's Board of Directors, Jill Wykes is taking on this elected role for the second time. Jill has played a leading role in the travel industry since she first joined the wholesale side of the business, and recently agreed to share her experiences with TICOTALK.

How did you first become involved in the travel business?

During my former life as a journalist, I joined Travel Courier, a Maclean Hunter industry publication, as assistant editor. Later I moved to Travelweek as its editor. Then I became the first executive director of the newly formed Canadian Alliance of Tour Operators (CATO), which led to me being offered a job at Sunquest Vacations, as the director in charge of public relations, government relations and industry relations.

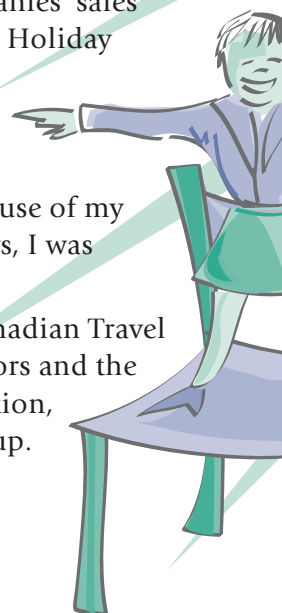
What other positions have you held at Sunquest?

I've always overseen public relations, but at different times I've been responsible for customer service, destination services and airport services. After Sunquest was restructured about 4 1/2 years ago, I became Vice President, Sales for Sunquest and AlbaTours. With the merger of the group of companies' sales departments three years ago, that extended to The Holiday Network as well.

How did you first become involved with TICO?

I've been on the board of CATO since joining Sunquest, including as its chair twice before. Because of my interest in anything pertaining to regulatory affairs, I was involved with TICO from the beginning.

In 1996, CATO joined with the Association of Canadian Travel Agents, the Canadian Institute of Travel Counsellors and the Ontario Motor Coach Association to form a coalition, the Ontario Travel Industry Self Management group. We successfully negotiated with the provincial government to hand over the management of the travel industry to the industry, which led to the creation of TICO. I was on TICO's first board, and have been on it most of the time since, as a CATO representative.



What's the overriding value of TICO from a tour operator's perspective?

TICO plays a valuable role in licensing travel agents and tour operators and ensuring that the agencies, who the general public deal with, are compliant with the various financial, disclosure and other requirements of the *Travel Industry Act*. In addition, TICO gives credibility to the industry. Our consumer awareness campaign has made the public feel comfortable dealing with a TICO registrant, knowing there's a safety net. Really, it's all about consumer protection and industry standards.

What areas interest you the most?

The whole area of regulation. It's crucial for the industry to work closely with the government, to ensure that unmanageable rules are not introduced. While we must satisfy all stakeholders, it's important not to stifle the industry's ability to function.

E-commerce is another issue that's looming large, and going to present a huge challenge. And minimum standards have to be addressed. We shouldn't introduce a system that's too onerous, but for the travel industry to be considered mature, there must be standards for people who sell travel to the public.

Where would you like to see TICO and the Ontario travel industry, in the medium to long-term?

I'd like TICO to take an active role in harmonizing travel legislation across the country. Since so many travel companies now operate nationally and globally, dealing with lots of different rules and regulations in various jurisdictions is problematic. Since the TICO model is well developed and works, it would make sense for other provinces to adopt this model rather than reinvent the wheel.

My biggest hope is that TICO will stay abreast of the huge and rapid changes taking place, due to e-commerce and the globalization of travel sales. In light of marketplace realities, I wouldn't like to see TICO lag behind, tied down by rules and regulations. In fact, I hope the time comes when the travel industry is considered mature enough to manage its own affairs, without government involvement, like industries such as the insurance, medical, dental and legal industries. Currently the format for changing regulations slows us down when we have to react quickly to events in the marketplace.

What changes would you like to see?

Ironically, the travel industry as a whole pays little or no attention to TICO. I've never been able to understand why companies who are regulated by TICO don't take greater interest. If they did, TICO would certainly benefit from the broader input and participation. ▲



Dates to note

October 28 - 31, 2004:

Travel and Leisure Show*
International Centre
Hall 6, 6900 Airport Road
Mississauga

*Please note that the opening night, October 28, is open to the trade only.



November 5 - 7

The National Women's Show
Metro Toronto
Convention Centre
South Building,
222 Bremner Road
Toronto



November 16

CITC 9th Annual Students
in Travel Conference
21 Old Mill Road
Toronto

TICO will be distributing informational material at the above shows.

Checking in

As you may remember, an industry questionnaire concerning TICO's Consumer Awareness Campaign was included in the last issue of TICOTALK. We would like to thank all registrants who took the time to answer our questions. Your feedback plays a crucial role in the ongoing effectiveness of this campaign.

Keeping abreast with TICO

As in previous years, TICO will be distributing copies of the 2004 Annual Report to every registrant. This year, however, we ask that anyone wishing to receive a copy of the 2004 Business Plan contact us toll-free at **1-888-451-TICO** by e-mail at tico@tico.on.ca. Alternatively, you may download the Business Plan from our website at www.tico.on.ca. You will find it in the section "About Us".



A shorter wait

The length of time it takes to process a regular birth certificate application has been reduced from at least 18 weeks to from nine to 11 weeks, according to the Office of the Registrar General. Look under Advisories, on TICO's website, for weekly updates on the process, to share with your clients.

Code of ethics

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*, 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. ▲

CONSUMER STUDY INITIATED

Following upon its recommendation on all-in-one pricing, TICO will commission a consumer study on advertised prices for travel products and services. The intent is to determine how consumers would like to be informed about travel prices - would they prefer to be given an all-inclusive price or to see a breakdown of the cost of the travel services and taxes?

Currently the way prices are advertised can be confusing. With all the added costs in today's marketplace - from different levels of taxes to airport improvement funds and administration fees - consumers should be made aware of what the actual travel service costs. However, numerous ramifications have to be considered, from the benefits of educating consumers on legitimate costs to the practicality of disclosing all of these costs in an advertisement, and competition issues.

The survey will focus on individuals who have travelled in the past two years and who are representative of consumers across the province. Every form of media advertising will be considered, including print, television, radio and Internet advertising. The results of the study, to be completed by the end of September, will form the basis of discussions on advertising reform with various levels of government. ▲

Court Matters

CHARGED

Brian David Huston and Planit Travel Ltd. were charged with one count each of disbursing funds from a trust account not related to the travel services for the money entrusted, contrary to Section 36 (6) of Ontario Regulation 806/93 made under the *Travel Industry Act*. Additionally, both were charged with two counts each of failing to deposit consumer funds into a trust account within two days of receipt, contrary to Section 36 (3) of the Regulation. The first court appearance is scheduled for July 29, 2004 at Old City Hall, Toronto.

Hugo Maggi and Aviaction Corporation were charged with five counts each of failing to hold and deposit customer funds into a trust account within two days of receipt, contrary to Section 36 (3) of Ontario Regulation 806/93 made under the *Act*. The first court appearance is scheduled for September 2, 2004 at Old City Hall, Toronto

CONVICTIONS

Maria De Lourdes Santos plead guilty to one count of operating without registration, contrary to Section 3 (1) of the *Travel Industry Act*. Santos received a fine of \$1,500 and was given 180 days to pay.

REVOCATIONS

Between April 24 and July 19, 2004, five companies had their registration revoked: Flying Travel Inc.; Pin Group Corp. o/a High Life Holidays, 523712 Ontario Ltd. o/a Samson Holidays, 791854 Ontario Ltd. o/a XS Travel, and Algonquin Travel. ▲

The latest c3 news

TICO continues to pay out claims made against Canada 3000 Airlines and Canada 3000 Tickets. As far as Canada 3000 Holidays is concerned, the Judicial Trustee, PricewaterhouseCoopers LLP, has not yet made its final payments. Once their distribution is completed, TICO will be ready to complete the processing of the remaining claims. Updates on the situation will be posted on TICO's website. Stay tuned!



TICOTALK Feedback

Since most, if not all, registrants are facing pivotal changes and challenges on a regular basis, we encourage you to contact us with comments or questions on anything you read in **TICOTALK**, or on any other travel industry matter. Your opinions and concerns are important to us. We can be reached at (905) 624-6241, or at 1-888-451-TICO, or by e-mail to tico@tico.on.ca.

Upcoming Issues

In future issues of TICO TALK we plan to include:

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

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Synopsis of the 7th Annual General Meeting continued from page 3

committee to explore alternate ways of financing the Compensation Fund; maintaining a proactive inspection program; the launch of a successful television and radio ad campaign to promote consumer awareness on the benefits of dealing with Ontario registrants; and continued enhancements of TICO's database.

Despite a flagging global economy, consumer fears about security, the war in Iraq and SARS, the number of registrations over the past 12-months is only down 44 from the previous year, from 2,953 to 2,909. The breakdown remains 84% retail and 16% wholesale registrants. Industry contributions on gross sales decreased by \$115,267 over 2002/2003.

Claims paid out by the Compensation Fund in 2003/04 increased by 42% from the previous year and totalled \$1,039,955, which was largely as a result of the failures of Don Armstrong Tours and Canada 3000 Airlines - due to amended legislation allowing airline and cruise line end-supplier failures to be paid by the Fund. There are additional Canada 3000 Holidays claims pending, which will be processed when the Trustee finishes its process. As of March 31, 2004, TICO had paid a total of \$668,687.03 out of the Compensation Fund on claims related to Canada 3000, assisting 1,425 consumers.

Thirteen investigations over the past year led to successful prosecutions that resulted in \$150,500 in fines imposed, 130 hours of community service and \$230,000 in restitution to both consumers and the Compensation Fund.

The audited Financial Statements for the year ended March 31, 2004 were presented and approved by the membership. Revenue totalled \$4,932,324, while expenditures totalled \$3,646,607, resulting in a surplus of \$1,285,717. A copy of the Financial Statements is included in TICO's 2004 Annual Report.

Board of Directors

One industry-wide elected position was open to a wholesale candidate. Congratulations were offered to Brett Walker of Collette Tours Canada, Toronto, who was elected by acclamation to this position for its three-year term. ▲



Front Row (left to right): Donna Holmes, Denise Heffron, Michael Pepper, Richard Vanderlubbe, Jill Wykes, Bruce Fraser
Back Row (left to right): Mike Foster, Kathleen Warren, Ted Warren, Michael Janigan, John Kennedy, Trish McTavish, Scott Stewart, Brett Walker
Absent: Mike Merrithew and Steve McCullough