



Travel Industry Council of Ontario

2010 BUSINESS PLAN







Travel Industry Council of Ontario

July 1, 2010

Honourable Sophia Aggelonitis
Minister of Consumer Services
6th Floor, Mowat Block
900 Bay Street
Toronto ON M7A 1L2

Dear Minister Aggelonitis

On behalf of the Travel Industry Council of Ontario, we are pleased to submit our thirteenth annual Business Plan, which covers the period 2010 to 2013. The key objectives in this Business Plan focus on enhancing the consumer protection provided by the Compensation Fund and improving financial monitoring of the industry.

The failure of Conquest Vacations last year highlighted a number of issues within the travel industry, which impact consumer protection. The financial business model has changed significantly with credit card processors and banks requiring increased levels of security from clients in the travel industry or delaying payments to wholesalers in order to protect themselves against potential risk. Mass consolidation in the industry has also magnified the potential exposure to the provincial Compensation Fund in the event of a large failure.

TICO is working with the Ministry to find opportunities to strengthen consumer protection and address industry changes. TICO is also working with industry stakeholders and other provincial jurisdictions to harmonize standards as well as to identify and eliminate gaps in consumer protection.

Over the next year, TICO will continue to focus on its Consumer Awareness Campaign so that consumers understand what TICO is, why it exists and the benefits of booking with an Ontario registered travel agency. Registrants will be encouraged to help TICO in getting the message out and to use the TICO collateral materials in promoting their own businesses. The consumer protection message can be complicated. The campaign focuses on directing consumers to the TICO website where useful facts and informative videos promote a fair and informed marketplace where consumers can be confident in their travel purchases.

TICO has set lofty goals for the year ahead. The Board of Directors is confident that it can meet the challenges and provide leadership to the travel industry in Ontario.

Yours truly,
Travel Industry Council of Ontario

A handwritten signature in black ink, appearing to read "Jill Wykes".

Jill Wykes
Chair, Board of Directors

A handwritten signature in black ink, appearing to read "Michael Pepper".

Michael Pepper
President and CEO

TABLE OF CONTENTS

General Overview	1
Mandate	1
Mission, Vision and Values	2
Clients	3
Services	3
Registration	3
Consumer Protection	3
Complaint Resolution	3
Government Liaison	4
The Ontario Travel Industry Compensation Fund	4
TICO's Complaint Handling Process	4
Consumer-to-Registrant Complaints	4
Registrant-to-Registrant Complaints	4
Complaints Against TICO	4
Resources	4
Structure	4
French Language Plan	4
TICO Operating Structure	5
TICO Committees	5-8
Business Objectives Achieved 2009/2010	9
Enhance Public Relations with Consumers, Registrants and Government	9
Review of Compensation Fund Model	10
Review the Business Model of How Travel Services are being Sold	10
Explore and Implement Environmentally Friendly Initiatives within TICO Operations	10
Review and Recommend Changes to the <i>Travel Industry Act, 2002</i> and Ontario Regulation 26/05	10
Maintain and Improve Operational Efficiency	11
Communications and Government Liaison	11
Business Objectives	12
Environment	12
Strategic Priorities	13
Business Objectives for 2010/2011:	14-15
Continuing Performance Measures	16
TICO Revenue and Expense Forecast	17
TICO Board of Directors 2010-11	



GENERAL OVERVIEW

On June 25 1997, the Travel Industry Council of Ontario (TICO) was delegated to take responsibility from the Ontario government for administering the *Travel Industry Act, 2002* (the Act), formerly the *Travel Industry Act*, which governs all of the approximately 2,600 travel retailers and wholesalers registered in Ontario and The Ontario Travel Industry Compensation Fund Corporation (the Compensation Fund).

In assuming this delegation, TICO established an initial agenda not just to administer its delegated responsibilities in the public interest, but also to elevate the travel industry to new levels in consumer protection, professional standards and regulatory compliance.

The 13th year Business Plan which follows outlines:

- The specific objectives, actions and performance measures for accomplishing the agenda in an ongoing three-year planning period.
- The operating environment established to support it.
- The mission, vision and values that will serve as guiding principles to staff and Board members, and against which all initiatives are being measured.

For the purposes of this Business Plan, the following definitions apply:

- **Registrant:** a travel wholesaler (tour operator) or travel agent (retailer) who is registered in Ontario under the *Travel Industry Act, 2002*.
- **Non-Registrant:** an organization which supplies travel services, but is not registered in Ontario including (but not limited to):
 - wholesalers and retailers not located in Ontario.
 - companies which sell to clients in Ontario by means of advertising, the internet or toll-free phone line, but where the home base or call centre is not located in Ontario.
 - end suppliers (e.g. airlines, hotels, rail services, cruiseships), which may or may not be located in Ontario.

Mandate

TICO's mandate is to support the Ministry of Consumer Services' mission of maintaining a fair, safe and informed marketplace as it relates to Ontario's *Travel Industry Act, 2002*. This mandate is accomplished by developing and fostering high standards in:

- Consumer protection.
- Registration, inspection, supervision and discipline of registrants.
- Consumer education and awareness.
- Investigating and mediating disputes between consumers and registrants.

In addition, programs will serve to support this mandate by:

- Promoting fair and ethical competition within the industry.
- Supporting a Code of Ethics.
- Maintaining and enforcing programs that provide for consumer compensation in specific circumstances.
- Promoting an expected level of education as a criterion for registration.
- Encouraging legislative and regulatory amendments aimed at enhancing industry professionalism and consumer confidence.

MISSION

To promote a fair and informed marketplace where consumers can be confident in their travel purchases.

VISION

Enhance confidence in the travel industry by becoming:

- A leader in developing an improved system of consumer protection.
- A model for a progressive, fair and firm administrator of industry regulations.
- A developer, promoter and advocate of good business ethics and harmonized standards in the travel industry.

VALUES

TICO will be:

- Fair, but firm in our conduct with registrants and consumers.
- Responsive and open in communicating with consumers and registrants, while respecting the business confidentiality of our registrants.
- Visionary in our approach to improving the Industry and Industry practices, while remaining accountable to all stakeholders for the cost-effectiveness and practicality of solutions and initiatives.

Above all, TICO will be ethical in everything TICO does.



CLIENTS

While TICO activities are focused on consumer protection, its clients also include the Ontario-registered travel retailers and wholesalers who fund TICO through registration fees and who pay regular fees into the Compensation Fund.

TICO serves registrants by justifying consumer confidence in purchasing from the Ontario travel industry. This is accomplished through:

- Ongoing services and special projects aimed at monitoring and ensuring compliance with the Act and Regulations.
- Making consumers aware of the benefits of dealing with Ontario Registrants.
- Enhancing industry professionalism.
- Providing consumer compensation and recourse in specific circumstances.
- Striving to ensure the Act and Regulation remain relevant to emerging issues.

In carrying out these services and initiatives, TICO works with stakeholder groups including:

Consumers: to increase awareness of their own rights and responsibilities, and those of the Ontario travel industry under the Act. In 2006, TICO established a Consumer Advisory Committee to increase consumer consultation and input and to enhance TICO's understanding of consumers needs as it relates to the travel industry.

All Registrants and industry associations: to harness their knowledge and commitment to ethical and open competition. The associations include but are not limited to:

- The Canadian Association of Tour Operators (CATO)
- The Association of Canadian Travel Agencies (ACTA)
- The Canadian Institute of Travel Counsellors (CITC)
- The Ontario Motor Coach Association (OMCA)

Government: which has delegated to TICO the responsibility for administering the Act and which holds TICO accountable for supporting its mandate of a fair, safe and informed marketplace.

SERVICES

The services delegated to TICO to provide are detailed below.

Registration

- Processing new applications – ensuring criteria and standards are met.
- Processing registration renewals – ensuring criteria and standards continue to be met, for example:
 - financial viability including compliance with financial criteria under the Act and Regulation
 - supervisor / manager qualifications
 - other compliance issues (e.g. advertising standards)
- Registrant inquiries.

Consumer Protection

- Administering the Ontario Travel Industry Compensation Fund.
- Inspections:
 - financial reviews of registrants to minimize risk to consumers
 - checking compliance of registrants with advertising regulations, terms and conditions of registration and disclosure to consumers (e.g. conditions of booking)
- Compliance: employing administrative compliance measures to ensure that registrants correct deficiencies that have been identified.
- Investigations: investigating instances of suspected breaches of the Act which could result in prosecution.
- Enforcement: suspensions, proposals to revoke registrations, laying charges under provincial statutes and referrals to criminal authorities.
- Consumer inquiries.
- Consumer education.

Complaint Resolution

- Resolving complaints:
 - between consumers and registrants
 - between consumers and TICO
 - between registrants and TICO
- Where complaints have not been resolved, providing information on other options.

The process is outlined in more detail on page 4.

Government Liaison

- Working closely with Ministry of Consumer Services for purposes of issues management, regulatory reform and matters of public interest.

Additional Responsibilities

In addition to the delegated responsibilities, TICO intends to increase the following:

- Consumer education and awareness on the benefits of purchasing travel services from Ontario registrants and the inherent risks of dealing with non-registrants.
- Consumer and Registrant awareness with respect to the emergence of electronic commerce as it relates to the travel industry.

THE ONTARIO TRAVEL INDUSTRY COMPENSATION FUND

Under TICO, the Compensation Fund protects consumers who purchase travel services from Ontario registered travel agencies in the event of a registrant's financial failure or due to the failure of an end supplier airline or cruise line.

TICO'S COMPLAINT HANDLING PROCESS

Consumer-to-Registrant Complaints

TICO provides complaint handling for consumer-to-registrant disputes. After encouraging consumers to pursue all avenues with the registrant, TICO staff will assist with the goal of reaching a mutually acceptable solution. However, TICO does not have the authority to settle a dispute, or to impose a settlement, and it does not have the authority or mandate to act as an arbitrator in any complaint matter. When a complaint involves allegations of non-compliance with the Act, the Registrar will undertake the necessary compliance and enforcement activities. This will be dealt with separately from assisting with the resolution of the complaint. When a mutually acceptable solution is not reached, complainants are provided with information regarding options to further pursue matters.

Registrant-to-Registrant Complaints

Registrant-to-Registrant disputes have traditionally not

been handled by the Registrar, unless financial issues or other allegations of non-compliance with the Act are involved.

Complaints Against TICO

Consumers with complaints about TICO's activities are invited to contact the Complaints Committee of the Board of Directors.

The Complaints Committee's mandate is to review and resolve, as appropriate, complaints against TICO, which are based on dissatisfaction with the quality and fairness of its services to registrants and consumers. To ensure its impartiality, the Committee is composed of representatives of the various stakeholders.

Also, appeals against the Registrar's administrative decisions may proceed, as appropriate, to the Licence Appeal Tribunal.

Complaints may be submitted by phone, fax, mail or email to the Chair of the Complaints Committee. TICO endeavors to resolve complaints within 60 – 90 days.

TICO will monitor and report on its complaint handling process in its Annual Report.

RESOURCES

TICO is a not-for-profit corporation wholly financed by Ontario-registered travel agencies and wholesalers through annual registration fees. In addition, the Compensation Fund is financed entirely by Ontario travel industry registrants through contributions based on sales revenue.

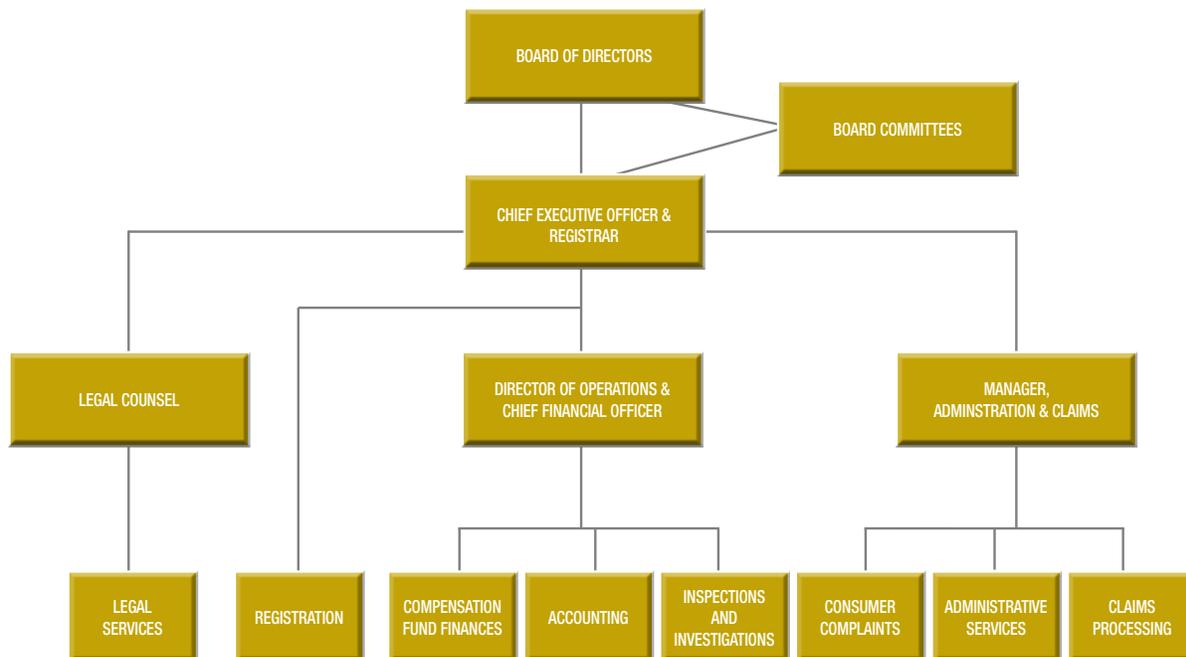
STRUCTURE

TICO delivers services through the operating structure outlined in the chart on page 5. In addition, at a strategic level, a number of Board committees address issues related to the organization's overall mandate, goals and objectives. Currently, there are eleven committees that have been established, as illustrated in the table on the following page.

FRENCH LANGUAGE PLAN

TICO endeavours to ensure that it is responsive to all inquiries received in the French language. An equivalent level of service in both English and French is provided whenever and wherever demand and customer service warrant.

TICO OPERATING STRUCTURE



TICO COMMITTEES

Executive Committee

(Chair: Jill Wykes)

- Manage emergency issues on an ad hoc basis.
- Interim support for CEO between board meetings.
- Review of large registrant closures.
- Make recommendations regarding composition of board committees.
- Conduct an annual review of the TICO Employee Code of Ethics.

Audit Committee

(Chair: Jeff Element)

- Review internal controls operating throughout TICO.
- Review the appropriateness of accounting policies and review any proposed changes in accounting practices or policies and the resulting financial statement impact.
- Review the audited annual financial statements and make recommendations with respect to their approval to the Board.
- Confer with TICO's auditors as required to discuss their examination into the financial affairs of TICO and receive all recommendations and explanations which TICO's auditors wish to place before the Committee.

- Make recommendations to the Board with respect to the appointment and remuneration of external auditors to be appointed at each AGM.
- Periodically, review TICO's investment firms and their fees.
- Review the investment policy on an annual basis.
- Review quarterly investment reports and detailed quarterly financial statements.
- Review and provide advice with respect to the budget prior to presentation to the Board.
- Review insurance coverage annually.

Business Strategy Committee

(Chair: Scott Stewart)

- Produce TICO's Business Plan and monitor performance measures.
- Refer issues for legislative and regulatory review.
- Planning of TICO's Consumer Awareness Campaign.
- Review and keep current TICO's policies with respect to privacy issues.
- Develop a plan to assess TICO's operational effectiveness and report findings.
- Explore alternate sources of revenue for TICO.

Complaints Committee

(Chair: James Savary)

- Review and resolve, as appropriate, complaints against TICO.
- Provide fair, transparent and accountable procedures for handling registrant and consumer complaints against TICO.
- Develop standards for handling complaints.
- Make recommendations with respect to TICO's complaint handling procedures.
- Review trends of complaints to determine if recommendations can be made to address the cause of complaints.

Compensation Fund Committee

(Chair: Patricia Jensen)

- Review and recommend to the Board the payment of claims in accordance with Ontario Regulation 26/05.
- Review and monitor the status of appeals to the Licence Appeal Tribunal regarding denied claims.
- Develop and recommend administrative policies to the Board regarding the administration of the Fund.
- Review and recommend recovery procedures to offset the cost of claims.

E-Commerce Committee

(Chair: Thanushka Nanayakkara)

Consumer Protection

- Identify areas where Ontario consumers may not be protected when they purchase travel services online
- Identify possible options as to how TICO may address these areas to ensure that Ontario consumers are protected.
- Consider privacy issues in respect of e-commerce

Enforcement

- Identify any challenges posed by regulating the sale of travel services in an electronic commerce environment.
- Identify any potential solutions to such challenges.

Legislative and Regulatory Reform

- Recommend legislative and regulatory changes in relation to e-commerce.

TICO Services

- Review TICO's services to determine any areas in which such services could be improved through the use of the internet, for example, on-line list of registrants.

Education

- Liaise with provincial counterparts and federal authorities on emerging e-commerce issues and the development of a standard.
- Play a role in educating the Board and TICO stakeholders about e-commerce issues.
- Develop informational literature to educate stakeholders on e-business.

Other

- Consider any other relevant matters that are referred to the Committee by the Board.

Education Standards Committee

(Chair: Mike Foster)

- Determine the curriculum for the *Travel Industry Act, 2002* Education Standards for travel counsellors and supervisor/managers and identify the type of information that should be covered in the education standards curriculum at each level.
- Oversee the development of the *Travel Industry Act, 2002* Education Standards Curricula including reviewing, testing and approval.
- Determine how the *Travel Industry Act, 2002* Education Standards should be implemented, the timeline for implementation and the costs.
- Oversee the printing and distributing of the educational courses and the development of on-line versions of the courses.
- Consider equivalency options for Education Standards.
- Develop a communications plan for the delivery of Education Standards.
- Devise a plan to enforce the standards.
- Ensure the *Travel Industry Act, 2002* Education Standards are updated on a regular basis.
- Explore the feasibility of other educational initiatives.

Legislative & Regulatory Review Committee

(Chair: Jill Wykes)

- Recommend legislative and regulatory reform necessary to achieve TICO's business objectives by:
 - Consulting with Ministry of Consumer Services on policy and legal issues.
 - Securing and managing stakeholder input.
 - Working with the Ministry of Consumer Services to move the recommendations forward through the legislative process.
- Develop a Code of Ethics for TICO Discipline Process.
- Develop policies in relation to administrative penalties.

- Make recommendations to the Board with respect to requirements for individuals who conduct business outside the office of a registrant. Recommended requirements should ensure:
 - a level of professionalism even if the business is being conducted outside the registrant's office;
 - industry standards are enhanced;
 - consumer monies are protected;
 - consumers receive quality service; and
 - consumers are fully informed.
- Develop a Recommended Best Practices document to assist registrants and outside sales representatives.

Governance Committee

(Chair: James Savary)

Governance Model and Policies

- Conduct an annual review of TICO's Governance Model and make recommendations considering the Board's role, purpose, core values and responsibilities.
- Be responsible for policies in relation to corporate governance.
- Conduct an annual review of the Board of Directors Code of Conduct and recommend changes when appropriate.
- Annually review the Board and Committee Attendance Policy, which sets out TICO's expectations with respect to board and committee attendance and sets out the process for dealing with attendance problems and make recommendations if changes are required.
- Review and make recommendations regarding TICO's Board Committee policies.
- Recommend any changes required to TICO's By-law in relation to governance issues.

Board Composition - Member Recruitment and Retention

- Review composition of the Board, in particular, industry representation on the Board.
- Review and make recommendations regarding board member recruitment and selection as well as the election process. This will include an annual review of the following:
 - Criteria/Qualifications to be a TICO Board Member
 - TICO Board Member Profile
 - TICO Terms of Reference for a Board Member
 - Criteria for Minister's Appointments
 - Board Chair Profile
 - Board Vice Chair Profile
 - Compensation Fund Committee Chair Profile
 - Election of Directors Policy and Campaigning Guidelines

- Oversee communication materials regarding board member criteria for groups eligible to make appointments to the Board and candidates for election.
- Examine the issue of board member retention, including an annual review of board and committee member remuneration and recommend changes where appropriate.
- Succession planning for Board Chair.

Board Education and Development

- Review and recommend changes to TICO's Board Orientation process.
- Consider ongoing board training initiatives.
- Develop strategies to enhance board performance.

Board Evaluation

- Ensure annual board evaluation is undertaken.
- Devise a set of basic performance benchmarks to measure board effectiveness.
- Develop a system for evaluating the board's performance.
- Communicate results of board evaluations.

Other Initiatives

- Further to the Assessment of Consumer Protection Against Financial Instability in the Travel Industry, consider the feasibility of making additional information available for consumers on TICO's website.
- Consider any other matters referred to the Committee by the Board.

Alternate Finance Committee

(Chair: Jeff Element)

- Consider what the Compensation Fund should cover.
- Assess the level the Fund should be maintained at to ensure adequate protection for consumers.
- Review who should be contributing to the Fund.
- Determine a fair and workable method to assess contributions to the Fund.
- Explore whether there should be higher financial requirements for entry to the industry.
- Identify potential models for compensation by examining different models from other jurisdictions.
- Conduct a comparative analysis of potential models against Ontario's current system.
- Identify best practices from the various models analyzed.
- Assess whether the desirable aspects of those models would be workable for Ontario.

- Identify key areas of risk in registrant business practices.
- Consider steps that could be taken to reduce those risks.
- Explore whether fee reductions could be used as an incentive to encourage registrants to meet higher standards and reward financially stable registrants.
- Review definition of “travel agent”.
- Consider whether registrants should be required to pay into the Fund on sales where no commission is earned.
- Consider whether registrants should be required to pay into the Fund if the transaction is not covered by the Fund.
- Consider whether registrants should be required to pay for end supplier failures.

Consumer Advisory Committee (Chair: Michael Pepper)

- To provide the President/CEO with observations, advice and recommendations with respect to consumer issues.
- To monitor general trends vis-à-vis consumer complaints.
- To gather information on programs employed by other professions that are intended to increase consumer protection.
- To develop recommendations that will enhance consumer confidence and protection.
- To gather and exchange information on issues of interest and importance to consumers.
- To gather information on programs and/or implementation strategies for programs that will advance consumer protection.



BUSINESS OBJECTIVES ACHIEVED 2009/2010

Enhance Public Relations with Consumers, Registrants and Government

- The TICO Board of Directors established a Board Policy on Communications for Major Issues, which provides direction and protocols with respect to communications and spokespersons in the event of a crisis.
- TICO Management Team and designated spokespersons for TICO completed media training to assist with providing media interviews on behalf of TICO.
- TICO launched its online subscription for the TICO Talk Newsletter on its website in September of 2009.
- Consulted with registrants on the issue of the composition of TICO's Board of Directors by conducting an online survey with all registrants to obtain feedback.
- During the 2009/2010 fiscal year, TICO scheduled four town hall meetings to be held at the beginning of April and May of 2010 in London, Sudbury, Ottawa and Toronto. The purpose of the meetings is to obtain registrant feedback on the following issues: Industry Representation & TICO Board Composition; Alternate Financing of the Compensation Fund and Registering Individuals. The town hall meetings will also include a question and answer period with the Registrar to encourage feedback and dialogue with registrants.
- As a result of the Provincial Government's Assessment of Consumer Protection against Financial Instability in the Travel Industry (Assessment Report), TICO enhanced the information on its website with respect to how to file a claim against the Ontario Travel Industry Compensation Fund. The information is presented in a step by step format for ease of use and understanding by consumers.
- Continued with TICO's Consumer Awareness Campaign, which included various forms of media to extend the reach to consumers throughout Ontario including, television ads, radio ads, print advertising, television and radio interviews, web banner ads, online pay-per-click ads, enhancements to TICO's website and editorial coverage in several ethnic and community publications.
 - Produced five 30 second informative videos (Overview, Regulation, Monitoring, Refunds and Complaints) about TICO to promote education and awareness of TICO's roles and services. The videos are available to be viewed on the home page of TICO's website as well as on Youtube.
 - "You're Good To Go" pamphlet was produced and distributed for point-of-sale collateral material to all retail registrants to promote education and awareness of TICO to consumers and the benefits of purchasing travel services from an Ontario registered travel agency.
 - Enhanced the collateral materials available to registrants on TICO's online Consumer Awareness Campaign Tool Kit to allow registrants to support the campaign by using various downloadable versions of the TICO logo, banner ads, e-ticket stuffer and the five TICO videos.
 - Online pay-per-click advertising and website optimization enhancements increased visits to TICO's website to provide its consumer awareness message to 24,038 visits in November 2009 to March 2010 compared to 1,864 during the same period in 2008/09. During the same period, organic searches for TICO on Google increased to 23,214 from 2,707 the previous year.
 - Online omnibus survey conducted at the end of the media run for the Campaign to measure success resulted in a significant increase in the understanding of TICO's roles and services. Understanding of TICO increased to 74% in 2009/10 compared to 65% in 2008/09. In addition, there was an increase in understanding to 69% (from 62% in the previous year) by consumers that they must purchase their travel services from an Ontario registered travel agency to obtain the protection from TICO and the Compensation Fund.
- TICO participated at seven consumer and industry trade shows during the last 12 months to promote consumer awareness as to the benefits of purchasing travel services from Ontario registrants.
- Conducted 75 media interviews promoting knowledge and awareness of TICO.
- The TICO Board approved a proposal to enhance registrant information to be provided on TICO's website to provide more disclosure to consumers. Information to be added to the website during the 2010/11 fiscal year.

Review of Compensation Fund Model

- Continued its review of the current coverage under the Compensation Fund. Identified gaps in consumer protection and explored opportunities to expand coverage.
- Continued its review of the issues surrounding credit card payments and their impact on the industry, such as increased security requirements placed against registrants and use of off-shore credit card processing companies and the affect on the Compensation Fund coverage.
- Further to the Assessment Report, TICO provided input to the Consumer Measures Committee in discussions to develop a national scheme for consumer protection.
- TICO scheduled four town hall meetings to be held at the beginning of April and May of 2010 in London, Sudbury, Ottawa and Toronto. One of purposes of the meetings is to obtain registrant feedback on alternate financing of the Compensation Fund.

Review the Business Model of How Travel Services are being Sold

- As a result of TICO's review as to how travel services are being sold, TICO scheduled four town hall meetings to be held at the beginning of April and May of 2010 in London, Sudbury, Ottawa and Toronto. One of the purposes of the meetings is to obtain registrant feedback on Registering Individuals.

Explore and Implement Environmentally Friendly Initiatives within TICO Operations

- Completed a review of TICO operations to identify opportunities to reduce consumption and increase recycling.
- Reviewed office waste and recycling program and adopted new enhanced recycling procedures introduced by building management. Participated in various recycling programs, which include all paper, glass, metal, plastic, printer toner cartridges, batteries, pc's and monitors.
- Adopted use of "green" cleaning products and eco-friendly office supplies wherever economically possible.
- Discontinued use of plastic water bottles and commenced use of economical and environmentally friendly water filtration system.

- Discontinued use of plastic TICO bags at consumer trade shows to hold informative consumer materials and replaced them with re-usable bags made from a non-woven recycled material.
- Reduced hard copy subscriptions of travel magazines and trade press publications received at TICO to increase use of electronic option.
- Continued to distribute various TICO communications electronically to all stakeholders including press releases, consumer and industry advisories, Registrar Bulletins, Annual Report, Business Plan and TICO Talk newsletter.
- Commenced documentation of recycling and have been identified and developed within TICO's operations.

Review and Recommend Changes to the Travel Industry Act, 2002 and Ontario Regulation 26/05

- Following the closure of Conquest Vacations on April 15, 2009, TICO participated in a government review entitled the Assessment of Consumer Protection against Financial Instability in the Travel Industry (Assessment Report), which resulted in various recommendations.
- As a result of the Assessment Report, Terms and Conditions of Registration were revised to include a requirement that notice be provided to the Registrar in the event a registrant wishes to cease operations.
- Continued to work with the Ministry of Consumer Services on TICO's submission provided in 2008/2009 on various issues with proposed amendments.
- Assisted the Ministry with the coordination of a consultation with stakeholders. Consultation with stakeholders was completed on December 16, 2009.
- Continued to review the Act and Regulation to ascertain where changes may be beneficial to address emerging issues.
- Ongoing consultation with the Ministry conducted on specific proposals for legislative and regulatory change that required further input from TICO.

Maintain and Improve Operational Efficiency

- Continued to monitor the performance of the TICO Education Standards Programme including ongoing compliance, maintaining statistics and updating of content of the Study Manual and Exam questions when required. During the fiscal year a total of 15,198 exams were written as follows:
 - 13,761 travel agents had written the Travel Counsellor Exam.
 - 348 travel agents had written the Supervisor/Manager Exam.
 - 1,089 individuals had written the combined Travel Counsellor and Supervisor/Manager Exam.
- 1,956 letters sent to Supervisor/Managers providing confirmation that they are grandfathered from writing the Education Standards Supervisor/Manager exam.
- Established a Board Evaluation Policy to assess board governance.
- All TICO staff completed an online Ministry Accessibility Customer Service Course to assist in better serving individuals with disabilities pursuant to the Accessibility Standards for Customer Service, Ontario Regulation 429/07
- TICO Personnel Manual was reviewed and updated.
- Enhancements to TICO information management and operating system performed on a continual basis as required.
- Distributed 871 Claim Surveys and 234 Complaint Surveys to consumers to assess TICO's operational effectiveness in the area of claims processing and complaint handling.
- During the 2009/10 fiscal year, TICO processed 871 claims resulting in \$3,013,219.23 in claims from the Compensation Fund. A total of 4,978 consumers were assisted during the fiscal year.
- During the 2009/10 fiscal year, TICO processed 234 complaints and assisted consumers in receiving \$54,815.64 in restitution.
- During the fiscal year, a total of 586 compliance files were opened and 549 files were closed.
- Finalized development of the Disaster Plan (Business Continuity) for the purpose of operational recovery in the event of a disaster.

- Met the terms of the Administrative Agreement by maintaining operations and systems for effectively administering the terms of reference of TICO's mandate with the Ministry.

Communications and Government Liaison

- Continued to provide industry with information on timely and important industry issues via press releases, Industry and Consumer Advisories, Registrar Bulletins, TICO Talk newsletter and by conducting various trade and mainstream media interviews.
- Prepared and distributed a quarterly newsletter (TICO Talk) to all registrants which included information on timely and significant issues to industry.
- TICO website maintained and kept up to date with timely information for the benefit of all stakeholders. Information provided included communication items such as FAQ's on Education Standards, press releases, industry advisories, closure advisories, Registrar Bulletins, TICO Talk Newsletter, Business Plan, Annual Reports and other information items. Enhanced information for consumers on how to file a claim against the Compensation Fund.
- Maintained and updated TICO's online Registration Tool Kit for all registrants as a resource for all TICO downloadable forms, guidelines and legislation.
- TICO continued to liaise with the Ministry of Consumer Services on issues that require TICO's input and participated in regular liaison meetings.
- Participated in Ministry hosted quarterly meetings for all Delegated Administrative Authorities to attend and exchange information.
- Submitted performance measures to the Ministry of Consumer Services on a quarterly basis.
- Communicated and restated TICO's Voluntary Code of Ethics for registrants on TICO's website and TICO Talk newsletter.
- Distributed and made available on TICO website TICO's annual Business Plan for 2009-2012 to all stakeholders on September 24, 2009.



BUSINESS OBJECTIVES

Environment

From volcanic ash to H1N1, there are no shortage of issues and challenges facing the travel industry. The industry is interesting and dynamic; the only real constant seems to be change. The sale of travel services is constantly evolving with bricks and mortar agencies, home based operators and internet operations all finding their niche. Overcapacity in the marketplace means competition is fierce. Major consolidation has now established a few global tour operators who dominate the mass market for packaged vacations. While this has made vacations more affordable for the general public, it has also magnified the exposure to regulators who have to provide adequate safeguards for the travelling public.

Concerns have been raised that the provincial Compensation Funds are no longer adequate to protect in the event of the closure of a large international tour operator. Repatriation costs to return stranded passengers would be astronomical given the large volumes of these operators. How do you ensure adequate consumer protection exists? How do you pay for it? These are the questions on which TICO will be working over the next year.

The increase in the use of credit cards to purchase travel services is also having a significant impact on the industry. The major credit card brands are guaranteeing refunds if services are not provided. This has reduced the claims exposure of the Compensation Fund for future travel. However, as noted above, the risk is now shifting more to repatriation. For registrants, this has meant an increase in credit card merchant fees and financial security requirements; costs that pose challenges for registered businesses.

The issuing banks are passing on the risk to the “middle man” processors, who are demanding large amounts of security or withholding the transfer of monies to the merchant travel providers. This has impacted the operations of those merchants and has pushed some

operators to seek credit facilities off-shore. There are serious concerns regarding the regulation of such credit facilities and regulators face additional challenges when trying to deal with entities in other jurisdictions. We have already seen examples of how the failure of a credit card processor can contribute to the demise of a travel service provider.

We are dealing with a global industry and the ripple affect is real; adverse conditions in Europe or the USA have an impact on the Canadian market. Ontario is struggling to regulate one province in a large country, which is only partially regulated. There is an urgent need to harmonize standards and introduce programmes that will protect all consumers in Canada without confusion, burden for business and duplication of regulation.

TICO's strategic priorities in this Business Plan continue to look forward at how to address challenges in an evolving marketplace. We are focusing on partnerships with other provinces, the federal government and major industry stakeholders, with the goal of achieving stability in the marketplace and instilling confidence in the travelling public. We want to enhance consumer protection and simplify the message to consumers.

TICO's Consumer Awareness Campaign aims to make TICO a household name and to educate consumers about the benefits of purchasing their travel services from a TICO registered travel agency. According to TICO's 2010 Omnibus Survey, 69% of those who are aware of TICO understand that they have to book their travel with an Ontario travel agent registered with TICO in order to have their travel services protected in accordance with the *Travel Industry Act, 2002* and Ontario Regulation 26/05. To increase the awareness and knowledge of all consumers, we will need the help of TICO registrants. This year, TICO plans to do more to involve its registrants in the campaign. Together, we can increase consumer protection, consumer confidence and build an even more successful and prosperous industry.

STRATEGIC PRIORITIES

As a result of the changing environment in the Industry, the TICO Board of Directors has set the following strategic priorities for the future. The Board considered short term, medium term and long range goals. The Business Objectives that TICO will focus on in this 3-year Business Plan are listed below. TICO may also initiate some preliminary work on the objectives found in Horizons 2 and 3 over the next year. You will note that the latter Horizons are classified “0-5” and “0-10” to reflect this.

HORIZON 1 (0-3 YEARS)

Propose enhancements to the consumer protection provided by the Compensation Fund.

Ensure that TICO’s Financial Inspection Program provides better protection to consumers through financial inspections and monitoring.

Review and recommend changes to the *Travel Industry Act, 2002* and Ontario Regulation 26/05.

Review the business model of how travel services are being sold.

Ensure consumers are aware of the existence of TICO and have an understanding of the roles that it performs through TICO’s Consumer Awareness Campaign.

Review TICO Board Composition

HORIZON 2 (0-5 YEARS)

Take a lead role in promoting harmonized standards with other industry stakeholders, provincial jurisdictions and with the federal government in the travel industry to eliminate gaps in consumer protection.

Participate in promoting and establishing a national travel compensation fund with other stakeholders to protect consumers across Canada.

HORIZON 3 (0-10 YEARS)

Explore the development of turn-key solutions for self-management and consumer protection that can be sold to other jurisdictions and/or industries.

Strategy in business goals, planning, organization, which is derived from tactical decisions.



BUSINESS OBJECTIVES FOR 2010/2011:

OBJECTIVE #1:

Propose enhancements to the consumer protection provided by the Compensation Fund.

Performance Goal:

- Ensure that consumers are adequately protected and that the protection is equitable to all eligible claimants.

Performance Measures for 2010/2011:

- Obtain feedback from stakeholders on the Compensation Fund coverage and any gaps in consumer protection.
- Utilize stakeholder feedback to develop a proposal to expand the coverage provided by the Compensation Fund.
- Submit a proposal to the Ministry to address the gaps in the current consumer protection.

OBJECTIVE #2:

Ensure that TICO's Financial Inspection Program provides better protection to consumers through financial inspections and monitoring.

Performance Goal:

- Less than 5% of registrants with working capital or financial statement compliance issues result in claims against the Compensation Fund.

Performance Measures for 2010/2011:

- Identify registrants with working capital deficiencies which resulted in inspections, proposals and terminations.
- Identify registrants who failed to file financial statements on time which resulted in inspections, proposals and terminations.
- Identify the number of registrants with working capital deficiencies and financial statement filing compliance issues that resulted in claims on the Compensation Fund.

OBJECTIVE #3:

Review and Recommend Changes to the *Travel Industry Act, 2002* and *Ontario Regulation 26/05*.

Performance Goal:

- Enhance the effectiveness of the Regulation's high level of consumer protection, ensuring that the requirements are achievable by registrants.

Performance Measures for 2010/2011:

- Review the Regulation to determine where changes would be beneficial.
- Meet with industry and government representatives with respect to proposed changes to the Regulation.
- Consult with stakeholders on proposed changes.
- Review feedback received from consultation process and submit proposed changes to the Ministry.

OBJECTIVE #4:
Review the Business Model of How Travel Services are being Sold.

Performance Goal:

- Ensure the Ontario *Travel Industry Act, 2002* and Ontario Regulation 26/05 provisions adequately regulate the industry in light of changes to business models so that consumers are protected.

Performance Measures for 2010/2011:

- Obtain feedback from stakeholders with respect to changes to the business model such as the Internet, home-based/outside sales representatives and the consolidation of the Industry.
- Assess whether any gaps in consumer protection exist as a result of the review of the business model.
- Determine if there are opportunities to close the gaps through legislative, regulatory and/or policy changes.
- Make recommendations to ensure appropriate consumer protection measures are in place.

OBJECTIVE #5:
Ensure consumers are aware of the existence of TICO and have an understanding of the roles that it performs through TICO's Consumer Awareness Campaign.

Performance Goals:

- Increase consumer awareness of TICO among Ontario travellers by 5%
- Increase the understanding of the roles that TICO performs by 5%.

Performance Measures for 2010/2011:

- Identify the number of consumers surveyed who have indicated an awareness of TICO.
- Identify the number of consumers surveyed who have indicated an understanding of the roles that TICO performs.
- Identify the number of consumers surveyed who have indicated that they are aware that they have to book their travel services with an Ontario registered travel agency to be protected by TICO.

OBJECTIVE #6:
Review TICO Board Composition.

Performance Goal:

- Determine registrant views on the current composition of the TICO Board of Directors.

Performance Measures for 2010/2011:

- Analyze survey results to determine registrant views on Board composition.
- Hold town hall meetings to obtain registrant feedback on Board composition.
- Review all feedback to determine whether any changes are required to the Board composition.

CONTINUING PERFORMANCE MEASURES

In addition to the five Business Objectives for the year, 2010/2011, TICO will also continue to provide the services as outlined on pages 3 & 4 with respect to Registration, Consumer Protection and Complaint Resolution.

TICO will also continue to undertake the following Performance Goals and Performance Measures in 2010/2011:

Maintain and Improve Operational Efficiency

Performance Goal:

- Ensure TICO operations are efficient and cost effective to meet the needs of all stakeholders.

Performance Measures for 2010/2011:

- Review the TICO asset and the registration and renewal fees to ensure that adequate funding exists.
- Review Compensation Fund level to ensure that adequate funding exists.
- Maintain and monitor performance of TICO Education Standards Programme including ongoing compliance and updating of content of the Study Manual and exam questions.
- Review TICO's procedures and make amendments to policies.
- Efficient and timely processing and approval of claims resulting from Registrant closures.
- Efficient and timely processing of consumer complaints.
- Ensure that compliance process procedures are efficient and timely.
- Review TICO's internal Disaster Recovery Plan which will set out policies and procedures for TICO in the event of a disaster.
- Meet the terms of the Administrative Agreement.
- Ensure that TICO is environmentally conscientious in its operations.

Communications and Government Liaison

Performance Goals:

- Maintain good communications with stakeholders and government.

Performance Measures for 2010/2011:

- Maintain and regularly update TICO's website.
- Distribute TICO Talk quarterly newsletter to Registrants, develop and distribute informational literature on various topics and distribute Industry Advisories and Registrar Bulletins to all stakeholders on significant and timely issues.
- Continue to liaise with Ministry on issues that are sensitive to government and issues which require TICO's input.
- Continue to communicate and restate TICO's Voluntary Code of Ethics to all Registrants.
- Make available the Annual Report and Business Plan to all stakeholders.

TICO REVENUE AND EXPENSE FORECAST

	Business Plan 2010/2011	Business Plan 2011/2012	Business Plan 2012/2013
Revenue \$			
Semi-Annual Assessments	505,000	1,760,000	2,200,000
New Registrations	183,000	200,000	200,000
Renewals	821,000	1,000,000	1,000,000
Interest	840,000	900,000	900,000
	<u>2,349,000</u>	<u>3,860,000</u>	<u>4,300,000</u>
Operating Expenses			
Compensation Fund Claims	640,000	640,000	640,000
Salaries & Benefits	1,596,000	1,600,000	1,610,000
Administration	1,013,000	1,015,000	1,020,000
Industry Initiatives	632,000	550,000	550,000
Inspections & Compliance	480,000	485,000	490,000
	<u>4,361,000</u>	<u>4,290,000</u>	<u>4,310,000</u>
Excess Receipts over Payments	(2,012,000)	(430,000)	(10,000)
Net Compensation Fund/TICO Assets beginning of period	<u>26,701,000</u>	<u>24,689,000</u>	<u>24,259,000</u>
Total Compensation Fund/TICO Assets	<u>24,689,000</u>	<u>24,259,000</u>	<u>24,249,000</u>
Compensation Fund/TICO Assets Breakdown			
Compensation Fund Asset	24,432,000	24,175,000	24,344,000
TICO Asset	257,000	84,000	(95,000)
	<u>24,689,000</u>	<u>24,259,000</u>	<u>24,249,000</u>

Notes:

1. Compensation Fund Assessments assume that there is rate is .05 per \$1000 of sales for retail and .05 for wholesale. 2011-2012 assumes a rate increase.
2. Registration Fees based on current rates. Registration Fees will be reviewed in 2011-2012.
3. Interest assumed to be 3.5% per annum.
4. Industry Initiatives include in 2009/2010: Consumer Awareness Campaign \$500,000, \$12,000 for Education Standards, \$20,000 for Consumer Advisory Committee, \$50,000 for the Regulatory Reform and \$50,000 for communications. For 2010/2011: Consumer Awareness Campaign \$500,000, \$20,000 for Consumer Advisory Committee, \$30,000 Education Standards. For 2011/2012: Consumer Awareness Campaign \$500,000, \$20,000 for Consumer Advisory Committee and \$30,000 Education Standards.
5. The projections assume that the cost of the Consumer Awareness Campaign is split between TICO and the Compensation Fund on the 45%/55% split.

TICO BOARD OF DIRECTORS 2010-11

Industry Representatives

Jill Wykes – Chair

Senior Vice President,
Human Resources
Thomas Cook Canada
Toronto

Mike Foster – Vice Chair

President
Uniglobe Instant Travel
London

Jeff Element

President
Travel Corporation Canada
Toronto

Denise Heffron

Vice President Commercial
Transat Holidays
Etobicoke

Thanushka Nanayakkara, CTM

President
NARAT Incorporated
Toronto, ON

David Shaw

President
Evans Intravel Inc
Orillia, ON

Scott Stewart

President
G. Stewart Travel Services Ltd.
Peterborough

Richard Vanderlubbe *

President
Travel Superstore Inc.
Hamilton, ON

Brett Walker

General Manager of Canada
Collette Tours Canada Ltd.
Toronto

Kathleen Warren, CTM

Senior Travel Consultant
Allison's Travel Agency Ltd.
Windsor

Ministerial Appointments

Patricia Jensen

Board Member
Consumers Council of Canada
Toronto

Shaher Bano Noor, C.A., C.F.P.

Managing Partner
Rosenthal Pervez & Noor LLP
Chartered Accountants
Mississauga, ON

Maria Mendes, L.L.B. **

Barristor & Solicitor
Mendes Law Firm
London, ON

Dr. James Savary

Department of Economics
Glendon College,
York University
Toronto, ON

Ex Officio

Michael Pepper

President & CEO
Travel Industry Council of Ontario
Toronto

Committee Chairs

Jill Wykes

Executive Committee
Legislative & Regulatory Review
Committee

Jeff Element

Audit Committee
Alternate Finance Committee

Mike Foster

Education Standards Committee

Thanushka Nanayakkara

E-Commerce Committee

Patricia Jensen

Compensation Fund Committee

James Savary

Complaints Committee
Governance Committee

Scott Stewart

Business Strategy Committee

Michael Pepper

Consumer Advisory Committee

* Appointed September 1, 2009

** Appointed May 11, 2009





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