



TRAVEL INDUSTRY COUNCIL OF ONTARIO

A large, vertical photograph of a man in a dark suit and glasses, smiling and looking upwards. The background is a blurred city street scene. The image is overlaid with a blue gradient on the left side and a dark blue gradient at the bottom.

# 2005 BUSINESS PLAN



June 25, 2005

Honourable Jim Watson  
Minister of Consumer and Business Services  
250 Yonge Street, 35th. Floor  
Toronto Ontario  
M5B 2N5

Dear Minister Watson:

On behalf of the Travel Industry Council of Ontario, we are pleased to submit our eighth Business Plan, which covers the three-year period from 2005 to 2008.

The past year saw the failure of a Canadian air carrier, Jetsgo. Thousands of consumers were left stranded and without recourse. They suffered great inconvenience and disappointment as their travel plans were ruined. Consumers were financially victimized; their monies used to pay for the air carriers' current operating expenses rather than for the travel services for which they were intended. The airline failure once again highlights the gaps in consumer protection that exist at the federal level.

This Business Plan recognizes the gaps in consumer protection that exist at the air carrier level and sets out a plan to address those gaps. TICO is committed to taking a lead role in encouraging the federal government to make changes to ensure that Canadian consumers are protected when they travel by air. TICO has already engaged the services of a Public Relations firm to assist with this project and TICO intends to follow through on this initiative until satisfactory changes have been made.

The province of Ontario has set high standards for consumer protection in the travel sector. To truly protect consumers, there is a need for such standards to be harmonized across the country, and beyond. TICO is committed to working with its counterparts in other provinces, the Consumer Measures Committee, as well as members of international organizations such as the International Bar Association Travel & Tourism Committee to ensure more comprehensive consumer protection for the travelling public.

The introduction of the *Travel Industry Act, 2002* and Ontario Regulation 26/05 will also play a pivotal role in TICO's business planning for the next three years. The new regulations increased disclosure requirements, especially in the area of price disclosure, which should lead to more transparency in advertising for the consumer. The new requirement to advise consumers of the availability of out-of-province health insurance will also be a huge benefit to the consumer. Stronger financial rules including trust accounting for all registrants and higher working capital requirements should lead to a more fiscally responsible industry. TICO will be working hard to ensure a smooth transition to the new rules for registrants.

Finally, TICO will be very busy preparing the education standards curriculum. Educational requirements will come into force in 2008 for all persons selling travel services to consumers. As well, TICO will be considering alternate ways to finance the Compensation Fund, working on the development of its Discipline Process and taking steps to enhance Board Governance. TICO has set high standards and has another challenging year ahead. We look forward to this challenge and are confident that our commitment will be rewarded with positive results.

Jill Wykes  
Chair, Board of Directors

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 .....	4
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 .....	5-7
Business Objectives Achieved 2004/2005 .....	8
Legislative and Regulatory Review .....	8
Consumer Awareness Campaign .....	8
<i>Travel Industry Act, 2002</i> Minimum Education	
Standards .....	9
Review & Enhance Board Governance .....	9
Explore Alternate Financing of the	
Compensation Fund .....	9
Liaise with other Jurisdictions to Eliminate	
Gaps in Consumer Protection .....	9
E-Commerce .....	10
Operational .....	10
Communications .....	10
Business Objectives .....	11
Environment .....	11
Strategic Priorities .....	12
Business Objectives: 2005/2006 .....	13-15
Continuing Performance Measures .....	16
TICO Revenue and Expense Forecast .....	17
TICO Board of Directors & Officers 2004/2005	



## GENERAL OVERVIEW

On June 25 1997, the Travel Industry Council of Ontario (TICO) was delegated to take responsibility from the Ministry of Consumer and Business Services (MCBS) for administering the *Travel Industry Act* (the Act), which governs all of the approximately 3,000 travel retailers and wholesalers registered in Ontario and The Ontario Travel Industry Compensation Fund Corporation (the Compensation Fund).

In assuming this commission, TICO established an initial agenda not just to provide the services delegated, but to elevate the industry to new levels in consumer protection, professional standards and regulatory compliance.

The 8th 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 purposes of TICO, MCBS, the Act and 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*.
- **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, cruiselines), which may or may not be located in Ontario

## MANDATE

TICO's mandate is to support the Ministry of Consumer and Business Services' mission of maintaining a fair, safe and informed marketplace as it relates to Ontario's *Travel Industry Act*. 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, future 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.

## TICO'S MISSION

TICO's founding Board established a mission that informs internal and external audiences why TICO exists, and against which it will measure all programs, services and initiatives.

TICO's mission is:

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

## TICO'S VISION

TICO's vision sets the direction for what it wants to achieve as an organization.

TICO will be known as:

- 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.

## TICO'S VALUES

TICO has a set of values that show how business will be conducted, what is important in how it deals with people and the basis for how its vision will be achieved.

TICO will be:

- Fair, but firm in its conduct with registrants and consumers
- Responsive and open in communicating with consumers and registrants, while respecting the business confidentiality of registrants
- Visionary in its 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 it 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.
- All Registrants and industry associations: to harness their knowledge and commitment to ethical and open competition. The associations include:
  - The Canadian Association of Tour Operators (CATO)
  - The Association of Canadian Travel Agents (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

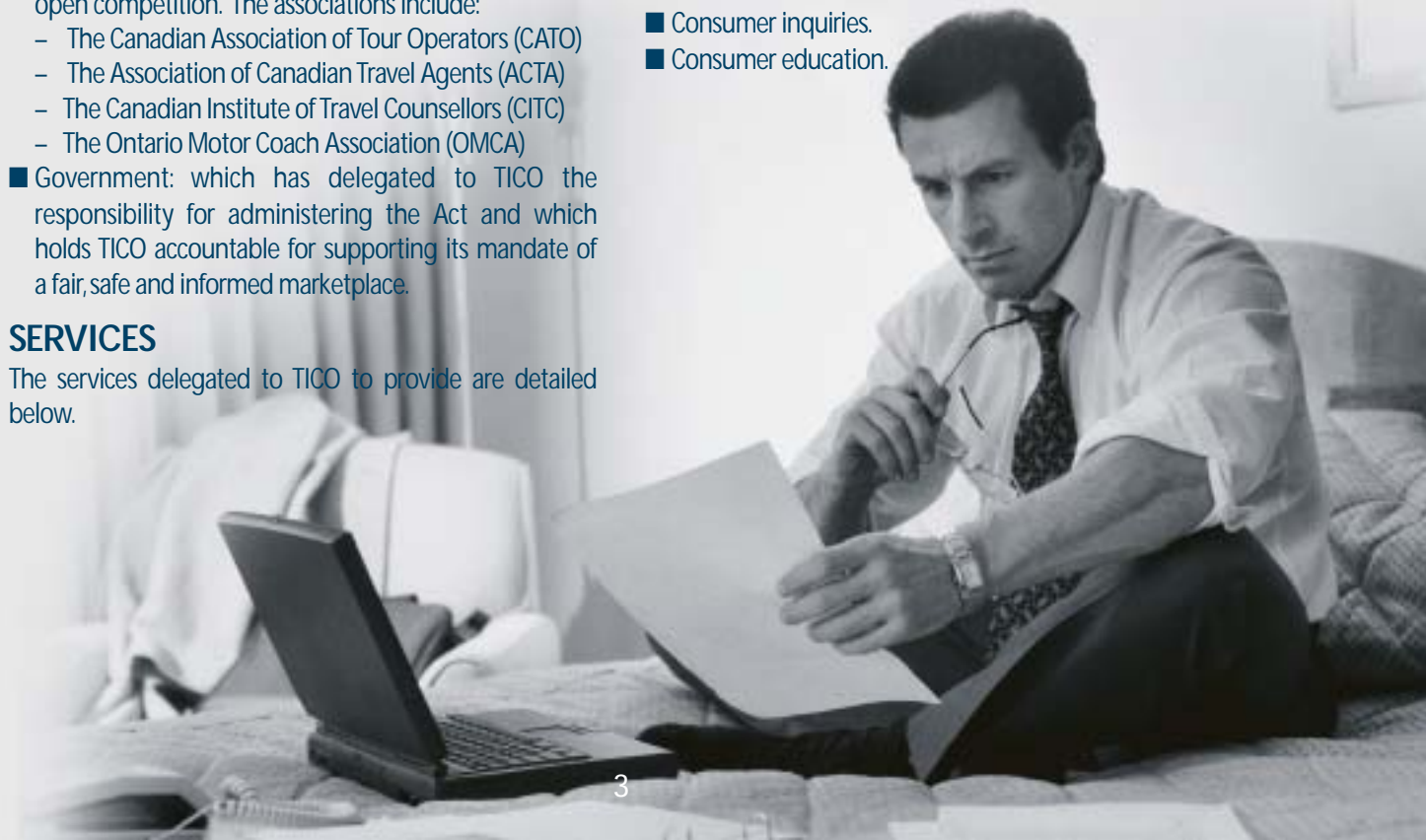
The services delegated to TICO to provide are detailed below.

## 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 and consumer inquiries.

## Consumer Protection

- Administering the 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.

## Government Liaison

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

## Additional Responsibilities

In addition to the delegated responsibilities, TICO intends to provide 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 Registrants 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 offers 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. When a complaint involves allegations of non-compliance with the Act, the Registrar will undertake the necessary compliance and enforcement action. When a mutual solution is not reached, the consumer will be 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 stakeholder groups.

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 45 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 bi-annual registration fees. In addition, the Compensation Fund is financed entirely by Ontario travel industry Registrants through contributions based on sales revenue.

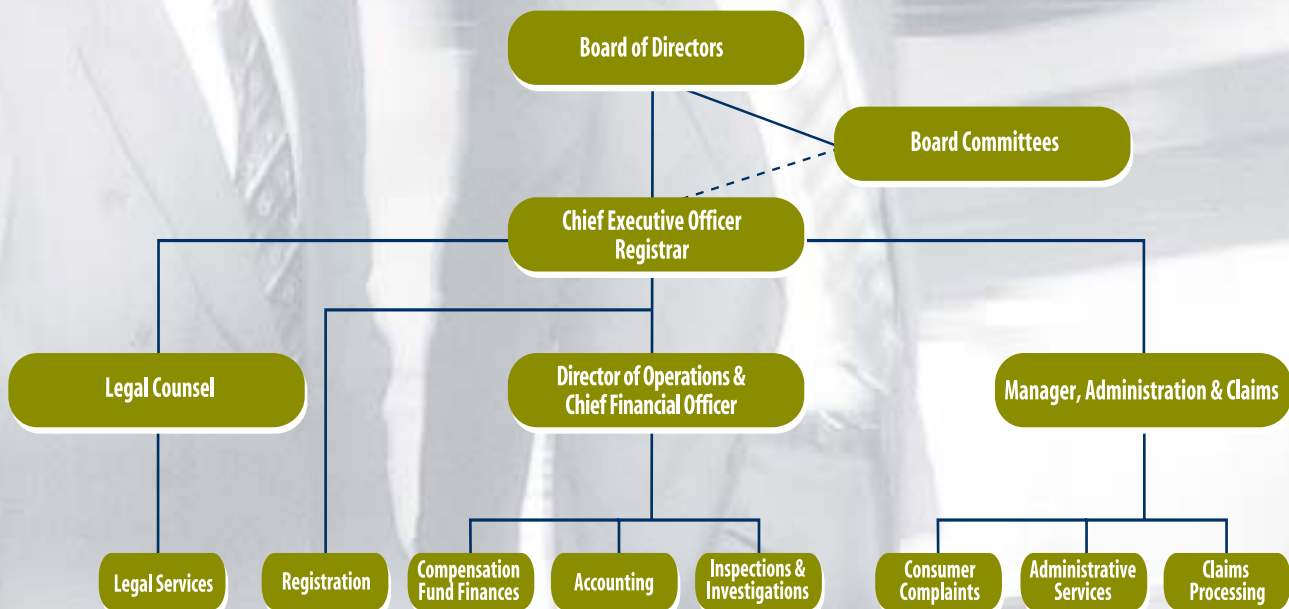
## STRUCTURE

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 nine 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

Committee	Mandate
Executive	<ul style="list-style-type: none"> <li>▶ Manage emergency issues on an ad hoc basis.</li> <li>▶ Interim support for CEO between board meetings.</li> <li>▶ Review of large closures.</li> <li>▶ Make recommendations regarding composition of board committees.</li> <li>▶ Conduct an annual review of the TICO Employee Code of Ethics.</li> </ul>
Business Strategy	<ul style="list-style-type: none"> <li>▶ Produce TICO's Business Plan and monitor performance measures.</li> <li>▶ Refer issues for legislative and regulatory review.</li> <li>▶ Planning of TICO's Consumer Awareness Campaign.</li> <li>▶ Review and keep current TICO's policies with respect to privacy issues.</li> <li>▶ Develop a plan to assess TICO's operational effectiveness and report findings.</li> </ul>
Complaints	<ul style="list-style-type: none"> <li>▶ Review and resolve, as appropriate, complaints against TICO.</li> <li>▶ Provide fair, transparent and accountable procedures for handling registrant and consumer complaints against TICO.</li> <li>▶ Develop standards for handling complaints.</li> <li>▶ Make recommendations with respect to TICO's complaint handling procedures.</li> <li>▶ Review trends of complaints to determine if recommendations can be made to address the cause of complaints.</li> </ul>



# TICO COMMITTEES

Committee	Mandate
<b>Legislative &amp; Regulatory Review</b>	<ul style="list-style-type: none"> <li>▶ Recommend regulatory and legislative reform necessary to achieve TICO's business objectives, as established by the Business Strategy Committee in TICO's Business Plan by:               <ul style="list-style-type: none"> <li>– consulting with MCBS on policy and legal issues</li> <li>– securing and managing stakeholder input</li> <li>– working with MCBS to move the recommendations forward through the legislative process</li> </ul> </li> <li>▶ Consider revision of the voluntary Registrant Code of Ethics in the event that TICO sets up a Discipline Committee and implements a system of administrative penalties.</li> <li>▶ Develop policies in relation to administrative penalties.</li> <li>▶ Make recommendations to the Board with respect to requirements for individuals who conduct business outside the office of a registrant. Any requirements recommended should:               <ul style="list-style-type: none"> <li>– ensure there is a level of professionalism even if the business is being conducted outside the registrant's office;</li> <li>– raise industry standards;</li> <li>– ensure that consumer monies are protected;</li> <li>– ensure that consumers receive quality service; and</li> <li>– ensure that consumers are fully informed.</li> </ul> </li> <li>▶ Develop a Recommended Best Practices document to assist registrants and outside sales representatives.</li> </ul>
<b>Audit</b>	<ul style="list-style-type: none"> <li>▶ Review internal controls operating throughout TICO.</li> <li>▶ Review accounting and investment policies on an annual basis.</li> <li>▶ Review quarterly investment report and financial statements.</li> <li>▶ Review audited financial statements and recommend their approval to the Board.</li> <li>▶ Confer with TICO's auditors as required to discuss examination into the financial affairs of TICO.</li> <li>▶ Make recommendations to the Board with respect to the appointment and remuneration of external auditors.</li> <li>▶ Review insurance coverage annually.</li> <li>▶ Review TICO's annual budget.</li> </ul>
<b>Travel Industry Act, 2002 Minimum Education Standards</b>	<ul style="list-style-type: none"> <li>▶ Determine what the <i>Travel Industry Act, 2002</i> Minimum Education Standards should be for travel counsellors and supervisor/managers and identify the type of information that should be covered in the <i>Travel Industry Act, 2002</i> Minimum Education Standards curriculum at each level.</li> <li>▶ Oversee the development of the <i>Travel Industry Act, 2002</i> Minimum Education Standards Curricula including reviewing, testing and approving the curricula.</li> <li>▶ Determine how the minimum education standards should be implemented, the timeline for implementation and the costs.</li> <li>▶ Oversee the printing and distributing of the educational courses and the development of on-line versions of the courses.</li> <li>▶ Consider equivalency options.</li> <li>▶ Develop a communications plan for <i>Travel Industry Act, 2002</i> Minimum Education Standards.</li> <li>▶ Devise a plan to enforce the standards.</li> <li>▶ Ensure the minimum educational standards are updated on a regular basis.</li> <li>▶ Explore the feasibility of other educational initiatives.</li> </ul>
<b>Compensation Fund</b>	<ul style="list-style-type: none"> <li>▶ Review and recommend to the Board the payment of claims in accordance with Regulation 806/93.</li> <li>▶ Review and monitor the status of appeals to the Licence Appeal Tribunal of denied claims.</li> <li>▶ Develop and recommend administrative policies to the Board regarding the administration of the Fund.</li> <li>▶ Review and recommend recovery procedures to offset the cost of claims.</li> </ul>

# TICO COMMITTEES

Committee	Mandate
<p><b>E-Commerce</b></p>	<ul style="list-style-type: none"> <li>▶ Review TICO's programs, services and initiatives to determine any area which could be improved through the use of the Internet.</li> <li>▶ Identify areas where consumers may not be protected when they purchase travel services online and provide options as to how TICO may address these issues.</li> <li>▶ Consider privacy issues in respect of e-commerce.</li> <li>▶ Identify any challenges posed by regulating the sale of travel services in an e-commerce environment and provide any potential solutions.</li> <li>▶ Recommend legislative and regulatory changes in relation to e-commerce.</li> <li>▶ Liaise with provincial counterparts and federal authorities on emerging e-commerce issues and the development of a standard.</li> <li>▶ Play a role in educating the Board and TICO stakeholders about e-commerce issues including the development of informational literature.</li> </ul>
<p><b>Governance</b></p>	<ul style="list-style-type: none"> <li>▶ Determine and articulate TICO's governance model.</li> <li>▶ Clarify the Board's role, purpose, core values and responsibilities.</li> <li>▶ Review current board member recruitment process and the election process.</li> <li>▶ Set criteria for board member recruitment and selection.</li> <li>▶ Communicate board member criteria to groups eligible to make appointments to the Board.</li> <li>▶ Conduct an annual review of the Board of Directors Code of Conduct.</li> <li>▶ Develop a Board and Committee Attendance Policy including a process to deal with attendance problems.</li> <li>▶ Examine the issue of board member retention and review of remuneration.</li> <li>▶ Review TICO's Board and Committee Structure.</li> <li>▶ Develop a system for evaluating the Board's performance.</li> <li>▶ Devise a set of basic performance benchmarks to measure board effectiveness.</li> <li>▶ Develop a work plan to enhance Board performance.</li> <li>▶ Communicate results of board evaluation.</li> <li>▶ Review TICO's Board Orientation Process.</li> <li>▶ Be responsible for policies in relation to corporate governance.</li> <li>▶ Recommend any changes required to TICO's By-law in relation to governance issues.</li> </ul>
<p><b>Alternate Finance</b></p>	<ul style="list-style-type: none"> <li>▶ Assess at what level the Fund should be maintained to ensure adequate protection for consumers.</li> <li>▶ Reviewing who should be contributing to the Fund.</li> <li>▶ Determining a fair and workable method to assess contributions to the Fund.</li> <li>▶ Exploring whether there should be higher financial requirements for entry to the industry.</li> <li>▶ Identify potential models for compensation by examining different models from other jurisdictions.</li> <li>▶ Conduct a comparative analysis of potential models against Ontario's current system.</li> <li>▶ Identify best practices from the various models analyzed.</li> <li>▶ Identify key areas of risk in registrant business practices.</li> <li>▶ Consider steps that could be taken to reduce those risks.</li> <li>▶ Explore whether fee reductions could be used as an incentive to encourage registrants to meet higher standards and reward financially stable registrants.</li> <li>▶ Consider whether registrants should be required to pay into the Fund on sales where no commission is earned.</li> <li>▶ Consider whether registrants should be required to pay into the Fund if the transaction is not covered by the Fund.</li> <li>▶ Consider whether registrants should be required to pay for end supplier failures.</li> </ul>



## BUSINESS OBJECTIVES ACHIEVED 2004/2005

### Legislative and Regulatory Review

- Conducted eight town hall meetings throughout the Province of Ontario to consult with stakeholders on the draft Regulation.
- Following consultation with stakeholders, TICO made a submission to the Government with respect to the draft Regulation.
- Consulted with the Ministry on specific legislative proposals for reform that required further input from TICO.
- Liaised with the government and met with the Minister, due to concerns about registrant liability under section 13 of the *Travel Industry Act*. That meeting resulted in a commitment from the Minister to review the issue in detail. The Minister followed through with changes to the *Travel Industry Act, 2002*.
- Communications with the Provincial Government resulted in the Consumer Measures Committee committing to look at consumer protection issues, specifically end supplier failure coverage.
- Retained Pollara, a public opinion and market research firm to ascertain consumer opinions with respect to advertising practices in the travel industry. Utilized the data in the Pollara Report to advocate a need for changes to advertising standards at the provincial and federal level. Changes to advertising standards have

been included by the provincial government in Ontario Regulation 26/05.

- Continued work on discipline process for non-compliance.
- Begin implementation of TICO's Communications Plan to communicate to all stakeholders and promote understanding of the legislative and regulatory changes to the *Travel Industry Act* and Regulation.
- Commenced planning and organizing town hall meetings for the purpose of educating stakeholders on the *Travel Industry Act, 2002* and Ontario Regulation 26/05.
- Commenced planning and work on revising all TICO forms, documents informational literature, internal policies and procedures as necessary in response to legislative and regulatory changes.

### Consumer Awareness Campaign

- Continued television and radio ad campaign promoting consumer awareness of TICO and the benefits of dealing with Ontario Registrants with the use of the tag line: "*Look for the TICO sign when you book your travel time.*"
- Distributed collateral materials to registrants such as posters, window decals and information leaflets and encouraged them to display and support TICO's Consumer Awareness Campaign.

- Conducted more than 20 speaking engagements and media interviews promoting consumer and Industry awareness with consumer groups, travel schools, television, radio and newspaper media and industry associations. Media interviews included such television programs as Legal Briefs (CP24), City Pulse, Michael Coren Show and Goldhawk Live.
- Participated at 7 consumer and industry trade shows during the last 12 months.
- Produced weekly Travel Registrar Q&A column in the National Post newspaper.
- Sponsored the month of February in the Ministry of Consumer and Business Services' 2005 Fraud Free Calendar. The calendar contains valuable consumer protection information and tips on how to avoid fraud in the marketplace. The Fraud Free Calendar is distributed to over 200,000 consumers across Ontario.
- An Omnibus survey completed in March 2005 resulted in a 10% increase in consumer awareness of TICO and the existence of the Ontario Travel Industry Compensation Fund compared to Omnibus survey results in previous years.

### ***Travel Industry Act, 2002* Minimum Education Standards**

- Worked with the government to ensure that there was a sufficient delay in the introduction of the *Travel Industry Act, 2002* Minimum Education Standards to allow registrants to become compliant with the new requirements.
- Liaised with the CITC to develop a Q&A document to educate stakeholders about the *Travel Industry Act, 2002* Minimum Education Standards.

### **Review and Enhance Board Governance**

- Communicated results of Board evaluation to stakeholders.
- Preliminary discussions regarding the development of a plan for Board member recruitment, selection and retention.
- Commenced work on enhancing board member orientation.
- Commenced review of Board communication systems and retained Sandown Communications Consulting to

perform a Communications Audit to obtain feedback from registrants on the effectiveness of TICO's communication with stakeholders.

- Started the analysis of the TICO Board and Committees by reviewing the Board Chair position and retaining a consultant from Renaud Foster to research and provide a report on the Role of the Board Chair.
- Reviewed and enhanced TICO's Board of Directors Code of Conduct.
- Commenced work on developing a Consumer Advisory Council.

### **Explore Alternate Financing of the Compensation Fund**

- Identified potential ways of financing the Compensation Fund by examining models from other jurisdictions, including user pay models.
- Compared potential models against Ontario's current system.
- Identified key areas of risk in registrant business practices.

### **Develop and Implement Discipline Process**

- Reviewed and compared the Discipline Processes of other organizations and prepared a framework for a discipline process for TICO.

### **Liaise with other Jurisdictions to Eliminate Gaps in Consumer Protection**

- Continued a dialogue with provincial counterparts about the importance of advocating for harmonized standards nationally.
- Utilized the failure of Jetsgo to highlight the need for consumer protection measures for airlines at the federal level.
- Liaised with the federal and provincial governments to find a solution to the end supplier failure problem and with respect to advertising guidelines.
- Kept abreast of proposed changes to travel legislation in other provinces.
- Promoted the benefits of having harmonized standards in the travel industry across Canada.

- Retained The Strategic Counsel to assist TICO's efforts to advocate for changes at the federal level, specifically with respect to regulations governing airlines. Created an Alliance of industry and consumer groups to pursue this goal.
- Continued discussions with MCBS regarding TICO pursuing other business ventures and to develop Guidelines for the establishment of Business Relationships for carrying out non-delegated activities (Schedule "J" to Administrative Agreement). This would enable TICO to explore business opportunities to export the TICO model beyond the scope of Ontario.

### E-Commerce

- Distributed informational literature to educate stakeholders on e-business.
- Drafted an E-Commerce Code for registrants operating on the Internet in preparation for release with the new Regulation 26/05.
- Implemented a specific compliance programme to monitor registrants operating on the Internet.
- Maintained TICO's website with timely information.

### Operational

- Continued to update and maintain the website internally to increase service delivery.
- Distributed stakeholder surveys to assess TICO's operational effectiveness in the area of claims processing and complaint handling.
- Met the terms of the Administrative Agreement by maintaining and implementing operations and systems for effectively administering the terms of reference of TICO's mandate with the Ministry.
- Maintained the registrant inspection programme and continued to focus on new registrants and areas of risk to protect the Compensation Fund, the interest of consumers and registrants. TICO's Inspection Program is proactive and works with registrants to ensure compliance with the Act and the Regulation.

### Communications

- Together with the Office of the Registrar General, TICO was awarded the bronze award from the 2004 Public Sector Quality Fair for providing up to date information,

on a weekly basis to stakeholders, as to the time one should allow for the processing of birth certificate application information.

- Maintained TICO website and provided timely online information services to all TICO stakeholders.
- Continued to contact and liaise with provincial counterparts, Federal and Provincial Governments to continue the ongoing dialogue to garner support for a consumer protection plan with respect to airline failures at the Federal level.
- Maintained a Communications Plan for TICO stakeholders including internal communications to the Board of Directors and staff through orientation, meetings and policy manuals and participated in regular liaison meetings with the Ministry.
- Maintained an ongoing dialogue with Regulators in other jurisdictions and self-managed Industries to share best practices. Distributed informational literature and Industry Advisories to all stakeholders on significant timely issues such as the failure of Jetsgo and claiming against the Fund, advising registrants of their responsibilities under the Act and Regulation for consumers in destination or travelling to areas affected by hurricanes, malaria and the tsunami.
- Provided annual Business Plan for 2004-2007 to stakeholders.
- Prepared and distributed a quarterly newsletter (TICO Talk) to all Registrants.
- Continued to communicate and restate TICO Registrant Code of Ethics.
- Commenced review of Board communication systems and retained Sandown Communications Consulting to perform a Communications Audit to obtain feedback from stakeholders on the effectiveness of TICO's communication with stakeholders.
- Award received from Canada NewsWire for TICO news release *"Ontario Travel Regulator Says Federal Government Must Act to Protect Consumers and Restore Confidence"* being ranked in the top ten of accessed files in March 2005.

# BUSINESS OBJECTIVES

## ENVIRONMENT

There is never a dull moment in the travel industry. The failure of low cost carrier Jetsgo on March 11, 2005 provided another challenge to the travel sector as thousands of consumers were stranded in various locations throughout North America and the Caribbean. This event provided another example of the woeful lack of consumer protection at the federal level for airline passengers. TICO stepped in to do what it could for those consumers who dealt with Ontario registrants; however, one has to question why the province has to step in to protect consumers for airline failures when airlines are federally regulated. Since changes were made to the *Travel Industry Act* Regulation in Ontario to allow claims against the Compensation Fund for end supplier airline and cruise line failures, the Fund has paid out more money for end supplier claims than for registrant failures. This seems rather unfair considering that TICO has no regulatory authority over airlines and cruise lines and that these groups do not contribute to the Compensation Fund.

In response to the lack of financial protection at the air carrier level for any flights other than international charters, TICO has formed a coalition with a number of like-minded consumer protection and industry advocates to encourage the federal government to make significant changes to how air carriers operate. Jetsgo's strategy was to charge low prices for airfares. When those fares were not sufficient to cover the operating costs, the airline used consumer advance payments for future travel to pay for current expenses. At the end of the day, there were not adequate funds to provide consumers with the travel services that they bought and paid for. The federal government needs to put some protection in place for consumer advance payments to ensure situations like this do not occur again in the future. The federal government has to take more responsibility to ensure that Canadian air travellers are protected. Stronger financial monitoring, increased working capital requirements and better disclosure rules would strengthen the industry and better protect Canadian consumers.

Following years of hard work and consultation with the industry, the Ontario government has introduced the *Travel Industry Act, 2002* and Ontario Regulation 26/05, which come into force on July 1, 2005. The new regulations contain stronger advertising provisions and full price disclosure is mandatory under the new rules. Trust accounting or posting security in lieu of trust accounting is

now mandatory for all registrants. Working capital requirements have been increased. It is hoped that all of these changes will lead to a stronger and more fiscally responsible industry. TICO believes that the federal government should also make changes at the federal level to increase disclosure provisions and financial requirements for air carriers. Without such changes, there is a danger that history will repeat itself...again. Hopefully, it will not take another Canada 3000 or Jetsgo situation before the federal government will take some action.

Consumer awareness of this issue has been heightened in the media. TICO's message to "Always look for the TICO sign when you book your travel time" is reaching consumers. Awareness of TICO has increased over the past year and TICO wants to ensure that consumers are made aware of the benefits of dealing with TICO registrants and the risks of dealing directly with unregistered entities. Since more consumers are using electronic commerce, the TICO awareness campaign will target consumers who use the internet to ensure the TICO message reaches those consumers as well. TICO also intends to do more registrant awareness about e-commerce. TICO will soon be releasing an E-Commerce Code, which has been designed to help registrants operating on-line to ensure that their sites are compliant.

Despite the failures of Jetsgo and Canada 3000, TICO's fund remains very strong with cash assets in excess of \$27 million. In the last fiscal year, net claims for registrant failures was less than \$50,000, a remarkable achievement for an industry that generates over \$7 billion per annum in gross sales. A total of \$271,039 was paid out in claims for end supplier failures. It is important to remember that TICO has no control over end supplier airlines and cruise lines and that those groups do not contribute to the Compensation Fund. It is for this reason that changes to federal legislation is so important. Travel agents and wholesalers in Ontario must protect consumers and be responsible. Let's try to ensure that our federal counterparts have to be as well.

# 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)

- Implement new Act and Regulation, which comes into force on July 1, 2005.
- Liaise with other jurisdictions to eliminate gaps in consumer protection
- Develop *Travel Industry Act, 2002* Minimum Education Standards
- Explore alternate sources of revenue to fund the Compensation Fund
- Develop and implement Discipline Process
- Develop E-Commerce Code for TICO and special compliance program for e-business
- Review and Enhance Board Governance
- Increase consumer and registrant education and awareness

## HORIZON 2 (0-5 years)

- Take a lead role in promoting harmonized national consumer protection standards in the travel industry across Canada
- Explore the development of turn-key solutions for self-management and consumer protection that can be sold to other jurisdictions and/or industries
- Establish industry best practices as a means to help registrants maintain compliance under the *Travel Industry Act, 2002* and Ontario Regulation

## HORIZON 3 (0-10 years)

- Explore self-regulation

# BUSINESS OBJECTIVES FOR 2005/2006:

## OBJECTIVE #1:

### Implement the New Act and Regulation

#### Performance Goals:

- Implement the changes to the Act and Regulation.
- On an ongoing basis, review the Act and Regulation with a view to update and improve the current model.
- Educate stakeholders on understanding the *Travel Industry Act, 2002* and Ontario Regulation 26/05.

#### Performance Measures for 2005/2006:

- Establish policies regarding the interpretation of the new Regulation.
- Prepare and distribute to stakeholders an Explanatory Paper detailing the legislative and regulatory changes.
- Conduct town hall meetings regarding the new Act and Regulation throughout the Province so that stakeholders have an opportunity to ask questions on the changes.
- Work with the Ministry to educate stakeholders on the new Act and Regulation through a joint communications plan.
- Commence a specific Financial Inspections Programme to ensure that all registrants comply with the trust accounting requirements of the new Regulation.
- Revise TICO forms, documents, informational literature, internal policies and procedures as necessary in response to any legislative and regulatory changes.

## OBJECTIVE #2:

### Liaise with Other Jurisdictions to Eliminate Gaps in Consumer Protection

#### Performance Goals:

- Ensure that appropriate consumer protection measures exist in the event of:
  - (a) end supplier failures, particularly airline failures; and
  - (b) in the event of travel agent and travel wholesaler failures.
- Promote harmonized standards in the travel sector across Canada, with the view to one day making that a reality.

#### Performance Measures for 2005/2006:

- Contact provincial counterparts and other industry and consumer associations to garner support for more consumer protection with respect to airlines at the federal level.

- Continue to work with The Strategic Counsel to advocate for changes at the federal level and specifically with respect to federal regulations pertaining to airlines.
- Keep abreast of proposed changes to travel legislation in other provinces.
- Promote the benefits of having harmonized standards in the travel industry across Canada.
- Develop Guidelines for the establishment of Business Relationships for carrying out non-delegated activities (Schedule "J" to Administrative Agreement). This would enable TICO to explore business opportunities to export the TICO model beyond the scope of Ontario.

## OBJECTIVE # 3:

### Develop *Travel Industry Act, 2002* Minimum Education Standards

#### Performance Goals:

- To ensure all registrants have a sound knowledge of the *Travel Industry Act, 2002* and Regulation 26/05, TICO's Code of Ethics and business practices so that they are better able to serve their clients.

#### Performance Measures for 2005/2006:

- Finalize curricula for *Travel Industry Act, 2002* Minimum Education Standards for travel counselors and for supervisor managers.
- Develop a plan for implementation of *Travel Industry Act, 2002* Minimum Education Standards.
- Establish a plan to enforce *Travel Industry Act, 2002* Minimum Education Standards.
- Devise a Communications Plan for *Travel Industry Act, 2002* Minimum Education Standards.
- Educate stakeholders on *Travel Industry Act, 2002* Minimum Education Standards.

## OBJECTIVE # 4:

### Explore Alternate Sources of Revenue to Finance the Compensation Fund

#### Performance Goals:

- Continue to examine alternate sources of revenue for financing the Compensation Fund with the goal of finding a fairer method of assessing fund contributions in the future.
- Present recommendations on alternate sources of financing the Compensation Fund.



### Performance Measures for 2005/2006:

- Assess at what level the Fund should be maintained to ensure adequate protection for consumers.
- Identify key areas of risk in registrant business practices.
- Consider steps that could be taken to reduce those risks.
- Develop recommendations on alternate sources of financing the Compensation Fund.

### **OBJECTIVE #5:**

#### **Develop and Implement Discipline Process**

##### Performance Goals:

- Ensure appropriate processes exist for dealing with non-compliance.

### Performance Measures for 2005/2006:

- Draft new mandatory Code of Ethics.
- Develop discipline process for non-compliance. This process will involve the assessment of monetary penalties for infractions.
- Consult with stakeholders on the proposed discipline process.
- Implement discipline process for non-compliance.

### **OBJECTIVE #6:**

#### **Develop E-Commerce Code for TICO and Special Compliance Program for E-Business**

##### Performance Goals:

- Improve TICO's understanding of the impact of e-business:
  - as a medium for delivering service to TICO stakeholders
  - as a medium for purchasing travel
- Review programs, services and initiatives with respect to electronic commerce to ensure that TICO can effectively monitor and ensure compliance.
- Educate stakeholders on e-business.
- Keep abreast of developments in e-commerce legislation and its impact on the travel industry.

### Performance Measures for 2005/2006:

- Distribute informational literature to educate stakeholders on e-business.
- Finalize and distribute E-Commerce Code for Registrants Operating on the Internet.
- Maintain a specific compliance program specifically targeted at monitoring Registrants operating on the Internet.

### **OBJECTIVE #7:**

#### **Review and Enhance Board Governance**

##### Performance Goals:

- Assess appropriateness of and criteria for Board composition and structure.
- Ensure Board's understanding, knowledge and awareness of strategic long-term issues.
- Ensure ongoing effectiveness of Board's decision making process.
- Assess effectiveness of Board recruitment/retention strategies.
- Continue investment in Board by increasing Board Member knowledge with education sessions etc.
- Conduct regular Board Evaluations to measure the impact of changes made and to ensure optimum Board performance.

### Performance Measures for 2005/2006:

- Develop a plan for Board member recruitment/selection/retention.
- Continue work on new Board member orientation.
- Complete Communications Audit.
- Review results of Communications Audit and determine if there are opportunities for TICO to enhance its communication with stakeholders.
- Implementation of any recommendations as a result of the Communications Audit to enhance communications with stakeholders.
- Review consultant's report on the Board Chair Position and make recommendations to the Board.
- Establish a Consumer Advisory Council.

### **OBJECTIVE #8:**

#### **Increase Consumer and Registrant Education and Awareness**

##### Performance Goals:

- Ensure all stakeholders are aware of changes to the Act and Regulation
- Increase consumer awareness in the province as to the benefits of purchasing travel services from Ontario Registrants.
- Maintain an effective communications programme so that consumers are aware of the benefits of purchasing travel services from Ontario Registrants.

- Educate consumers about their responsibilities when purchasing travel services and how to make a smart travel purchase.
- Continue to encourage and promote registrants to increase their role in promoting consumer awareness through their own channels of communication and advertisements.

#### **Performance Measures for 2005/2006:**

- Implement TICO's Communications Plan to advise all stakeholders as to the changes to the *Travel Industry Act, 2002* and Regulation 26/05.
- Continue radio and television campaign promoting the benefits of purchasing travel services from Ontario registrants.

- Encourage registrants to display collateral materials, for example, posters to support TICO's radio and television campaign.
- Participate at travel related consumer shows providing educational literature.
- TICO's CEO will give radio and television interviews to promote knowledge of TICO.
- Obtain editorial coverage and take out ads in the press aimed at promoting consumer awareness.



# CONTINUING PERFORMANCE MEASURES

In addition to the 8 Business Objectives for the year, 2005/2006, 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 2005/2006:

## Assess Effectiveness of What TICO has Done to Date

### Performance Goals:

- To obtain additional statistical information and stakeholder feedback in the following program areas: Registration, Compliance, Complaints and Claims.

### Performance Measures for 2005/2006:

- Continue to distribute stakeholder survey to assess TICO's operational effectiveness in the area of claims processing and complaint handling.
- Report results of completed stakeholder surveys.
- Review the results and implement changes to procedures if necessary.

## Maintain and Improve Operational Efficiency

### Performance Goals:

- Comply with the Administrative Agreement in an efficient and cost effective manner.
- Streamline processes for registration, renewals, Form 1 payments and submission of financial statements to reduce administrative burden on TICO and Registrants.
- Efficient and timely processing and approving of claims resulting from Registrant closures.
- Ensure consumer/Registrant/employee information is properly safe guarded in accordance with TICO's Privacy Policy and applicable legislation.
- Finalize a list of fees to be recovered from Registrants in respect of services provided.
- Ongoing development of an effective and equitable system to ensure compliance.

### Performance Measures for 2005/2006:

- Enhance TICO's Information Management System.

- Analyze stakeholder survey results to assess opportunities to improve TICO's operational effectiveness in the area of claims processing and complaint handling.
- Review TICO's internal procedures and make amendments to policies to keep up to date.
- Review TICO's Privacy Policy and TICO's internal processes to determine where enhancements could be made to better ensure privacy is protected.
- Complete TICO's internal Disaster Recovery Plan which will set out policies and procedures for TICO in the event of a disaster (i.e. force majeure).

## Communications and Government Liaison

### Performance Goals:

- Maintain a Communications Plan to promote Industry awareness.
- Maintain TICO's website.
- Continue dialogue with the Ministry regarding the *Travel Industry Act* and other legislation that may impact the travel industry.
- Promote Code of Ethics to all Registrants.
- Complete a TICO Business Plan.
- Finalize outstanding schedules to the Administrative Agreement with the Ministry.

### Performance Measures for 2005/2006:

- Publish and 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.
- Update and keep current TICO's website with information to benefit stakeholders such as Industry Advisories, Business Plan, Annual Report and the TICO Talk Newsletter.
- Continue to liaise with MCBS on issues that require TICO's input.
- Continue to communicate and restate Code of Ethics to all Registrants. Update and keep current TICO's website with information to benefit stakeholders.
- Make available a Business Plan to all stakeholders by June 30, 2005.
- Work with the Ministry to finalize outstanding items on the Administrative Agreement.

# TICO REVENUE AND EXPENSE FORECAST

	Business Plan 2005/2006	Business Plan 2006/2007	Business Plan 2007/2008
<b>Revenues</b>			
Semi-Annual Assessments	\$2,800,000	\$1,900,000	\$1,900,000
Registration Fees	934,000	1,100,000	1,100,000
Interest	1,100,000	1,160,000	1,160,000
	<u>4,834,000</u>	<u>4,160,000</u>	<u>4,160,000</u>
<b>Operating Expenses</b>			
Compensation Fund Claims	1,140,000	1,140,000	1,140,000
Salaries & Benefits	1,128,000	1,161,000	1,195,000
Administration	900,000	927,000	955,000
Industry Initiatives	571,000	381,000	331,000
Inspections & Compliance	402,000	414,000	426,000
	<u>4,141,000</u>	<u>4,023,000</u>	<u>4,047,000</u>
Excess Receipts over Payments	693,000	137,000	113,000
Net Compensation Fund/TICO Assets beginning of period	<u>28,395,000</u>	<u>29,088,000</u>	<u>29,225,000</u>
Total Compensation Fund/TICO Assets	<u>\$29,088,000</u>	<u>\$29,225,000</u>	<u>\$29,338,000</u>
<b>Compensation Fund/TICO Assets Breakdown</b>			
Compensation Fund Asset	\$28,451,300	\$28,685,100	\$28,906,300
TICO Asset	<u>636,700</u>	<u>539,900</u>	<u>431,700</u>
	<u>\$29,088,000</u>	<u>\$29,225,000</u>	<u>\$29,338,000</u>

## Notes:

1. Registration Fees are based on historical information over the past 5 years for 2005/2006. Annual renewals are expected to commence in April 2006 and are reflected accordingly.
2. Compensation Fund semi-annual assessments are based on the current assessment rates of .50/1000 for wholesale and .25/1000 for retail for 2005/2006. In 2006/2007, it is anticipated that there will be a rate reduction to .30/1000 and .15/1000.
3. Compensation Fund claims are estimated at \$100,000 per month with recoveries of \$5,000 a month.
4. Industry Initiatives include the continuation of the Consumer Awareness Campaign, the implementation of the minimum education standards and administrative penalties.
5. Interest rates are assumed to be 4.0% per annum.
6. Projected revenues may be significantly impacted by current economic factors affecting the travel industry. The revenue projections are based on current rates and assessment methodology, however TICO anticipates that changes to the assessment methodology will be made in the future.

# TICO BOARD OF DIRECTORS 2004-2005

## INDUSTRY REPRESENTATIVES

**Jill Wykes – Chair**  
Vice President Corporate  
Communications  
Sunquest, Alba Tours,  
The Holiday Network  
Toronto

**Mike Foster – Vice Chair**  
President  
Uniglobe Instant Travel  
London

**Denise Heffron**  
Vice President Commercial  
Transat Holidays  
Etobicoke

**John Kennedy**  
Vice President  
TravelPlus  
Toronto

**Steve McCullough**  
President  
Globus & Cosmos  
Toronto

**Trish McTavish**  
Vice President  
McTavish Travel  
Oakville

**Michael Merrithew**  
President  
Merit Travel Group  
Toronto

**Scott Stewart**  
President  
G. Stewart Travel  
Services Ltd.  
Peterborough

**Richard Vanderlubbe**  
President  
Travel Superstore Inc.  
Hamilton

**Brett Walker**  
Operations Manager  
Collette Tours Canada Ltd.  
Mississauga

**Kathleen Warren, CTM**  
Senior Travel Consultant  
Allison's Travel Agency Ltd.  
Windsor

## MINISTERIAL APPOINTMENTS

**W.H. Bruce Fraser, CA**  
Management Consultant  
Toronto

**Donna Holmes, LL.B.**  
Director of Communications  
Ministry of Consumer &  
Business Services  
Toronto

**Michael Janigan, LL.B.**  
Executive Director & General  
Counsel  
Public Interest Advocacy  
Centre  
Ottawa

**Patricia Jensen**  
Board Member & Treasurer  
Consumers Council of Canada  
Toronto

## COMMITTEE CHAIRS

**Jill Wykes**  
Executive Committee

**Jill Wykes**  
Business Strategy Committee

**Michael Janigan, LL.B.**  
Complaints Committee

**Trish McTavish**  
Legislative & Regulatory  
Review Committee

**W.H. Bruce Fraser, CA**  
Audit Committee

**Mike Foster**  
*Travel Industry Act, 2002*  
Minimum Education  
Standards Committee

**W.H. Bruce Fraser, CA**  
Compensation Fund  
Committee

**Richard Vanderlubbe**  
E-Commerce Committee

**Michael Merrithew**  
Governance Committee

**Bruce Fraser, CA**  
Alternate Finance Committee

## OFFICERS

**Jill Wykes**  
Chair

**Mike Foster**  
Vice Chair

**Michael Pepper**  
President & Chief Executive  
Officer

**Mary-Ann Harrison, CA**  
Director of Operations/Chief  
Financial Officer & Treasurer

**Tracey McKiernan, LL.B.**  
Corporate Secretary &  
Counsel

## STATUTORY APPOINTMENTS

**W.H. Bruce Fraser, CA**  
Statutory Director,  
*Travel Industry Act*

**Michael Pepper**  
Statutory Registrar,  
*Travel Industry Act*

For all enquiries, please contact TICO at:



TRAVEL INDUSTRY COUNCIL OF ONTARIO

Travel Industry Council of Ontario • 2700 Matheson Blvd. E.  
Suite 402, West Tower • Mississauga • Ontario • L4W 4V9  
Tel: (905) 624-6241 • Fax: (905) 624-8631 • Toll: 1-888-451-TICO  
E-mail: tico@tico.on.ca • Web: www.tico.on.ca



TRAVEL INDUSTRY COUNCIL OF ONTARIO

Travel Industry Council of Ontario • 2700 Matheson Blvd. E.  
Suite 402, West Tower • Mississauga • Ontario • L4W 4V9  
Tel: (905) 624-6241 • Fax: (905) 624-8631 • Toll: 1-888-451-TICO  
E-mail: [tico@tico.on.ca](mailto:tico@tico.on.ca) • Web: [www.tico.on.ca](http://www.tico.on.ca)