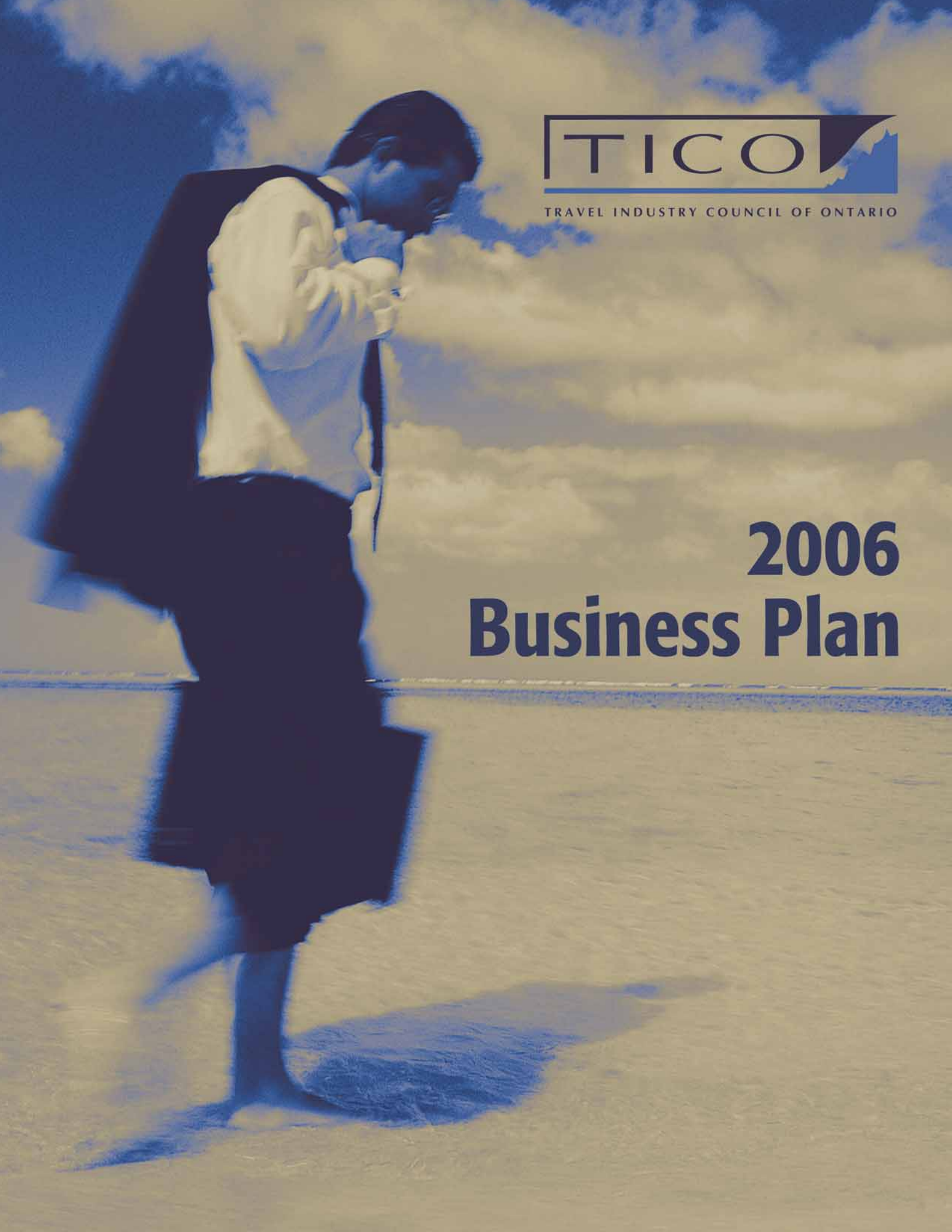




TRAVEL INDUSTRY COUNCIL OF ONTARIO

# 2006 Business Plan



June 27, 2006

Honourable Gerry Phillips  
Minister of Government Services  
99 Wellesley St. W., Room 4320  
Whitney Block  
Toronto, Ontario  
M7A 1A1

Dear Minister Phillips:

On behalf of the Travel Industry Council of Ontario, I am pleased to submit TICO's ninth, 3-year Business Plan, which covers the period 2006 to 2009. The introduction of the *Travel Industry Act, 2002* and Ontario Regulation 26/05 on July 1, 2005 has driven our focus over the past year on the implementation of many important changes that will increase consumer protection. This implementation period will continue over the next several years as other changes related to the new legislation are phased in.

In the last year, new trust accounting requirements were introduced, which eliminated the grandfathering of approximately 800 registrants. All travel agencies have now confirmed the existence of a designated "Travel Industry Act Trust Account". On January 1, 2006, new working capital requirements were introduced. The impact of those new requirements is beginning to be felt and TICO staff is closely monitoring compliance with the new provisions. All of these requirements help contribute to a strong, financially healthy industry.

TICO's strong financial inspection programme has enabled TICO to reduce the number of failures and to build the balance in the Compensation Fund, which now stands at approximately \$30 million. The level of the Fund currently exceeds what is required to run the program and protect consumers under the legislation and so TICO is obtaining an Actuarial Report, which will establish the required level for the Fund commensurate with the industry risks and other relevant factors. Over the next year, TICO will continue its work to reduce Compensation Fund rates for registrants.

Full price disclosure has been mandated in advertisements and representations. These changes will help to ensure consumers have the information to make informed decisions. TICO staff is hard at work ensuring all registrants understand and are complying with the new requirements. The curriculum for Minimum Education Standards at the Travel Counsellor level is being developed and exam questions are being focus tested in preparation for the educational requirements, which will come into effect in July of 2008.

During the next three years TICO will also focus on expanding TICO's Consumer Awareness Campaign; continuing a dialogue with other provincial jurisdictions with a goal of harmonizing standards across the country; continuing a dialogue with the Federal Government to encourage increased disclosure in airline advertising, more consumer protection in the event of airline failures as well as imposing stronger financial monitoring of air carriers. TICO is also looking forward to working with its new Consumer Advisory Committee to explore additional ways it can improve its services to consumers across the province. TICO has set many objectives for the next few years and the organization will strive to continue to improve consumer protection in the travel sector in the province and meet the many challenges inherent in an ever-changing industry.



Michael Merrithew  
Chair, Board of Directors



Michael Pepper  
President and CEO



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# General Overview

On June 25, 1997, the Travel Industry Council of Ontario (TICO) was delegated to take responsibility from the Ministry of Government Services (MGS), formally the Ministry of Consumer and Business Services for administering the *Travel Industry Act, 2002* (the Act), formally the Travel Industry Act, which governs all of the approximately 2,850 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 9th 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, Ministry of Government Services, 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, 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, cruises), which may or may not be located in Ontario.

## Mandate

TICO's mandate is to support the Ministry of Government 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, 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. 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 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 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 below.

#### Government Liaison

- Working closely with MINISTRY OF GOVERNMENT SERVICES 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 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 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.

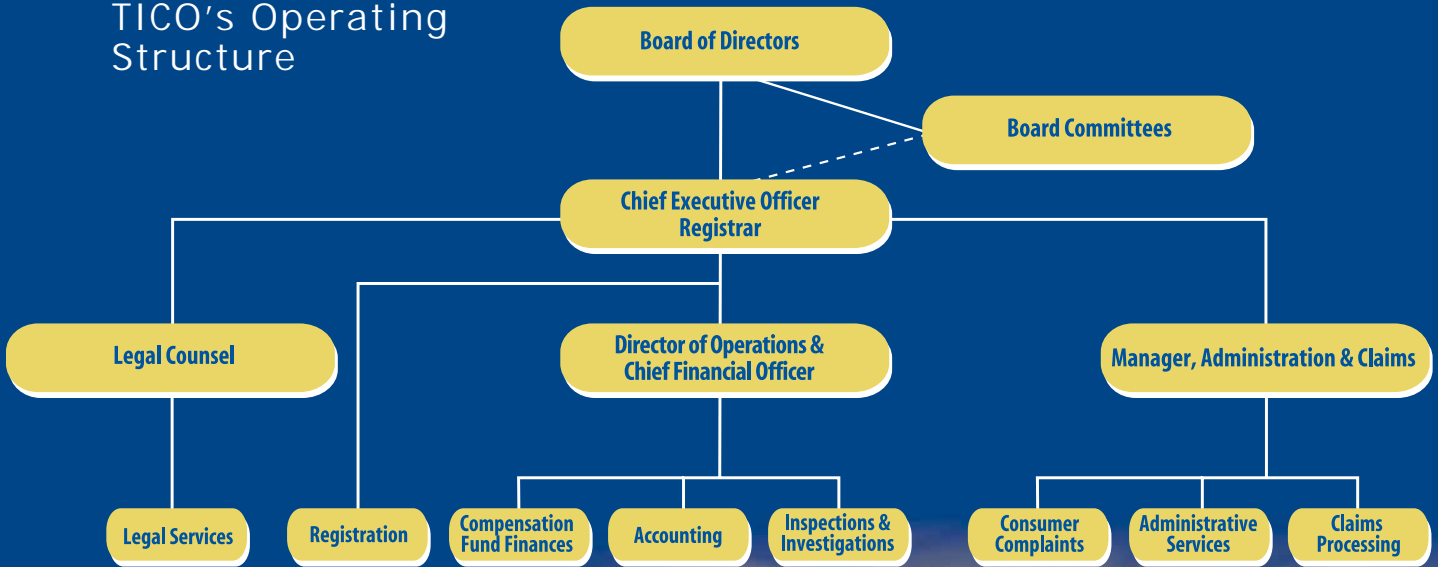
#### STRUCTURE

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 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's 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 Ministry of Government Services on policy and legal issues</li> <li>– Securing and managing stakeholder input</li> <li>– Working with Ministry of Government Services to move the recommendations forward through the legislative process</li> </ul> </li> <li>✦ Develop mandatory Code of Ethics for future discipline system.</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 the curriculum for <i>Travel Industry Act, 2002</i> Minimum Education Standards for travel counsellors and supervisor/managers and identify the type of information that should be covered.</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 Education 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 Ontario Regulation 26/05.</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
<b>E-Commerce</b>	<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 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>
<b>Governance</b>	<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>
<b>Alternate Finance</b>	<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>
<b>Consumer Advisory Committee</b>	<p>An eleven member Consumer Advisory Committee for TICO was established and the first meeting held in March 2006. The purpose of the Committee is to provide TICO with observations, advice and recommendations related to consumer protection and to provide a forum for two-way communication with consumers and consumer interest groups. The Terms of Reference for this Committee are currently under development.</p>

# Business Objectives Achieved 2005/2006

## Implement the New Act and Regulation

- Established policies and guidelines regarding the interpretation of the changes to the *Travel Industry Act, 2002* and Ontario Regulation 26/05 and made these documents available to stakeholders. Examples include Disclosure Guidelines, Advertising and Representation Guidelines, FAQ's on *Travel Industry Act, 2002* Minimum Education Standards and Trust Accounting Guidelines.
- Produced and distributed to stakeholders an Explanatory Paper detailing the changes to the *Travel Industry Act, 2002* and Ontario Regulation 26/05.
- Conducted 11 town hall meetings throughout the Province for the purpose of educating stakeholders on the *Travel Industry Act, 2002* and Ontario Regulation 26/05.
- Worked with the Ministry to educate stakeholders on the new Act and Regulation through a joint communication plan.
- Implemented a specific Financial Inspections Programme to ensure that all registrants comply with the new trust accounting requirements under Ontario Regulation 26/05.
- Revised all TICO forms, documents, informational literature, TICO website, internal policies and procedures as necessary in response to legislative and regulatory changes.
- TICO's Communications Plan to communicate to all stakeholders and promote understanding of the legislative and regulatory changes to the *Travel Industry Act, 2002* and Ontario Regulation 26/05 implemented and ongoing.

## Liaise with Other Jurisdictions to

### Eliminate Gaps in Consumer Protection

- Contacted provincial counterparts and other industry and consumer associations to garner support for more consumer protection with respect to airlines at the federal level.
- Continued to work with The Strategic Counsel to advocate for changes at the federal level and specifically with respect to federal regulations pertaining to airlines.
- Continued to keep abreast of proposed changes to travel legislation in other provinces.

- Continued to promote the benefits of having harmonized standards in the travel industry across Canada.
- Continued communications with the Provincial Government and the Consumer Measures Working Group regarding consumer protection issues, specifically end supplier failure coverage and the harmonization of standards.
- A draft of Schedule "J" to the Administrative Agreement for the establishment of Business Relationships for carrying out non-delegated activities has been prepared and is awaiting TICO Board and Ministry approval. This would enable TICO to explore business opportunities to export the TICO model beyond the scope of Ontario.

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

- Final draft of curriculum for TIA, 2002 Minimum Education Standards for travel counsellors produced and awaiting TICO Board approval.
  - Development of curriculum for supervisor managers is underway.
  - Development of plan for implementation of TIA, 2002 Minimum Education Standards is underway.
  - Establishment of a plan to enforce TIA, 2002 Minimum Education Standards is in progress.
  - Development and implementation of a communications plan for TIA, 2002 Minimum Education Standards is ongoing. Worked with the CITC to develop FAQ's on *Travel Industry Act, 2002* Minimum Education Standards document and this information made available to registrants and is posted on TICO's website.
  - Education of stakeholders on TIA, 2002 Minimum Education Standards is in progress.
  - Contracted with ASI (Assessments Strategies Inc.) to assist TICO with the development of the exam and testing.
- ## Explore Alternate Sources of Revenue to Finance the Compensation Fund
- Hired an Actuary to prepare a report to assess what level the Compensation Fund should be maintained at to ensure adequate protection for consumers.

- Identified key areas of risk in registrant business practices and considered steps that could be taken to reduce those risks.
- Continued to explore alternate sources of financing the Compensation Fund is ongoing.

#### Develop and Implement Discipline Process

- Preliminary work completed for the development of a framework for a discipline process for non-compliance.

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

- Informational literature produced, distributed and posted on TICO's website to educate stakeholders on e-business.
- Code of Practice for E-Commerce for registrants operating on the Internet developed, distributed and posted on TICO's website.
- In light of the new legislation this year, the focus of TICO's compliance program in relation to e-commerce was to ensure that registrant's websites complied with the requirements under new legislation.

#### Review and Enhance Board Governance

- Board member recruitment/selection and retention reviewed and enhancements made to the package of information provided to industry associations and the Ministry including criteria for appointees and responsibilities of TICO Directors to assist industry associations and the Ministry with their recruitment/selection and retention process.
- Enhancements made to TICO's new Board member orientation program to include further useful information relevant to new Board members and include a complete review of the TICO Board of Directors Manual.
- A Communications Audit of TICO was completed to obtain feedback from registrants on the effectiveness of TICO's communication with stakeholders. Results of Communications Audit reviewed and opportunities for TICO to enhance its communication with stakeholders were assessed. For a full report on the results of the Communications Audit, please refer to TICO's 2006 Annual Report.
- Implementation of the recommendations, as a result of the Communications Audit, to enhance communication underway.

- Received Report from Renaud Foster on the Role of the Board Chair. Reviewed the recommendations of the report and completed a Board Chair Profile.

- An eleven member Consumer Advisory Committee for TICO has been established. The first meeting of the Consumer Advisory Committee was held in March 2006.

#### Increase Consumer and Registrant Education and Awareness

- TICO's Communications Plan to advise all stakeholders as to the changes to the *Travel Industry Act, 2002* and Ontario Regulation 26/05 implemented and ongoing.
- 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 13 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 9 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 September in the Ministry of Government Services' 2006 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 2006 resulted in an increase to 45% consumer awareness of the existence of the Ontario Travel Industry Compensation Fund from 40% the previous year and an increase to 40% consumer awareness of TICO compared to 37% in the previous year.

## Assess Effectiveness of What TICO has Done to Date

- Continued to distribute stakeholder survey to assess TICO's operational effectiveness in the area of claims processing and complaint handling.
- Results of completed stakeholder surveys reported in TICO 2006 Annual Report.
- Reviewed the results of the completed stakeholder survey and any dissatisfaction was as a result of issues that were outside the scope of TICO. No changes to procedures were recommended or required.

## Improve Operational Efficiency

- Enhanced and upgraded TICO's Information Management System to improve operational efficiency.
- Distributed stakeholder surveys to assess TICO's operational effectiveness in the area of claims processing and complaint handling.
- Continued to review TICO's internal procedures and make amendments to policies to keep up to date.
- Reviewed TICO's Privacy Policy and TICO's internal processes. No changes were made to the privacy policy in the last year.
- Commenced TICO's internal Disaster Recovery Plan testing for recovery of TICO's internal Information Management Systems in the event of a disaster (e.g. force majeure)
- 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.
- Continued to update and maintain the website internally to increase service delivery.

- Executive Committee reviewed TICO Employee Code of Conduct.

## Communications and Government Liaison

- Prepared and distributed a quarterly newsletter (TICO Talk) to all registrants.
- Maintained TICO website and provided timely online information to benefit stakeholders. Some of the information provided to stakeholders included the Explanatory Paper on the legislative changes, press releases, industry advisories, guidelines, Business Plan, Annual Report and the TICO Talk Newsletter.
- Continue to liaise with Ministry of Government Services on issues that require TICO's input.
- Continued to communicate and restate TICO registrant Code of Ethics.
- Provided annual Business Plan for 2005-2008 to stakeholders.
- Work with the Ministry to finalize outstanding items on the Administrative Agreement.
- 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 advising registrants of their responsibilities under the new Act and Regulation as it pertains to disclosure, representations and their responsibilities to consumers in destination or travelling to areas affected by natural disasters.
- 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.

# Business Objectives

## ENVIRONMENT

Change, in any area of life, can be both positive and negative. In the travel sector, this is particularly evident. For example, e-commerce has been expanding. On the positive side, consumers are being given more choice and convenience. On the negative side, confusion over who one is actually dealing with and unethical operators create new problems in the industry that must be addressed. Companies are feeling pressure to increase profitability. Fluctuating fuel prices, instability in the airline industry, natural disasters, weather, terrorism, disintermediation, changes to legislative and regulatory requirements and increasing consumer expectations all have an impact on the bottom line. Some registrants are finding these challenges too great and are closing up shop. Other companies are amalgamating and building their businesses to make record profits. In the last year, TICO has noticed a decrease in the number of registrations but an increase in average gross sales. Despite world events, consumers are still travelling.

The impact of these environmental pressures is felt at TICO as well. As the registration base declines, the amount of registration fees collected also declines. This is extremely problematic given that TICO has been undertaking more initiatives on behalf of the industry, which cost money. While it may seem that TICO has ample funding due to the large balance in the Compensation Fund, registrants should be aware that there are restrictions on how the money in the Compensation Fund can be used. Those restrictions are designed to ensure that funds are available to reimburse consumers and are not used for other purposes. This means that money for other TICO initiatives comes from registration fees. The fact that the revenue generated by registration fees is declining means that TICO will either need to increase registration and renewal fees in the next year or cut its programs, neither of which is desirable.

While, an increase in registration and renewal fees would not be popular, TICO has not increased these fees in 13 years. At the same time, decreasing TICO initiatives would not be beneficial either. In the last few years, TICO has been increasing its Consumer Awareness Campaign. The goal of the campaign is to make consumers aware of the benefits of booking travel through an Ontario registered travel agent, about the protections afforded by the legislation in Ontario and about the Ontario Travel Compensation Fund. TICO believes that this work is

extremely important given the current trend towards booking directly with suppliers and it benefits every registrant. The campaign has been evaluated and each year, awareness of TICO has been increasing. The message about the importance of booking with a registrant is getting out there. TICO wants to continue to build on that momentum, not to lose ground by cutting the budget for the program.

As well, in the last year, TICO did a lot of work through the Traveller's Protection Initiative (TPI) lobbying the federal government to make changes to legislation to better protect airline passengers in the event of airline failures and to make price advertising more transparent. These issues are extremely important to the industry. Ontario registrants are paying into the Compensation Fund to protect against airline failures, something over which they have no control, due to the lack of consumer protection at the federal level in this area. Further, Ontario registrants have to provide full price disclosure to consumers while their federally regulated counterparts do not. This situation is not fair and TICO believes that it is important to encourage the federal government to do their part to create a level playing field and to protect Canadian consumers. Again, these are important issues affecting all registrants. Over the next year, difficult decisions will need to be made as to how to best address these challenges.

The impact of the environmental pressures has not all been negative for TICO. The fact that many credit card companies have adopted policies which support reimbursing consumers who do not receive their services as the result of supplier failures has meant that TICO paid out fewer claims related to failures such as Jetsgo than originally anticipated. Some registrants have indicated that they do not view these credit card company policies favourably, as it has meant increased merchant rates or higher security requirements, which may be an additional financial burden for some companies. Likewise, TICO is fortunate that the Compensation Fund is in a healthy position. However, the fact that claims have been less than anticipated has meant the Fund has continued to grow beyond what is required, which is of concern to many registrants. TICO will continue to pursue a Compensation Fund assessment reduction in the next year to attempt to address this issue. Clearly, the year ahead will be a busy one and, inevitably, there will be changes. TICO expects that the impact of those changes will be positive and to the benefit of the 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 to the right. 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)

Adjust current funding model to ensure that appropriate revenue is generated to finance TICO initiatives and meet the needs of the Compensation Fund.

Implement *Travel Industry Act, 2002* Minimum Education Standards.

Develop and implement Discipline Process.

Explore alternate sources of revenue to finance the Compensation Fund.

Increase consumer and registrant education and awareness

Liaise with other jurisdictions to eliminate gaps in consumer protection

### HORIZON 2 (0-5 years)

Take a lead role in promoting harmonized national consumer protection standards in the travel industry across Canada

Explore self-regulation

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

### HORIZON 3 (0-10 years)

Take lead role in promoting and establishing a national travel compensation fund to protect consumers across Canada.

# Business Objectives For 2006/2007

## OBJECTIVE # 1:

**Adjust current funding model to ensure that appropriate revenue is generated to finance TICO initiatives and meet the needs of the Compensation Fund.**

### Performance Goals:

- Ensure sufficient revenue to maintain the appropriate level of the Compensation Fund.
- Ensure sufficient revenue to fund TICO operation and initiatives.

### Performance Measures for 2006/2007:

- Use the results of the Actuary Report to determine the appropriate level of the Compensation Fund to be maintained.
- Develop new compensation fund assessment rates.
- Develop new registration and renewal fees.
- Complete a consultation process with stakeholders on proposed changes to fund assessment rates and registration and renewal fees.
- Implement new compensation fund assessment rates.
- Implement new registration and renewal fee schedule.

## OBJECTIVE # 2:

**Implement *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, so that they are better able to serve their clients.

### Performance Measures for 2006/2007:

- Finalize curricula for *Travel Industry Act, 2002* Minimum Education Standards for travel counselors and for supervisor managers.
- Initiate plan for implementation of *Travel Industry Act, 2002* Minimum Education Standards.
- Initiate plan to enforce *Travel Industry Act, 2002* Minimum Education Standards.
- Continue TICO's Communications Plan for *Travel Industry Act, 2002* Minimum Education Standards.
- Educate stakeholders on *Travel Industry Act, 2002* Minimum Education Standards.

## OBJECTIVE #3:

**Develop and Implement Discipline Process**

### Performance Goals:

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

### Performance Measures for 2006/2007:

- Draft new mandatory Code of Ethics.
- Finalize 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 #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.
- Present recommendations on alternate sources of financing the Compensation Fund.
- Assess at what level the Fund should be maintained to ensure adequate protection for consumers and the corresponding Compensation Fund assessment rates.

### Performance Measures for 2006/2007:

- Determine at what level the Fund should be maintained to ensure adequate protection for consumers based on Actuary Report.
- 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.
- Reduce Compensation Fund assessment rates for registrants.



## OBJECTIVE #5:

### **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 2006/2007:**

- 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 conduct radio and television interviews to promote knowledge of TICO.
- Obtain editorial coverage and take out ads in the press aimed at promoting consumer awareness.

## OBJECTIVE #6:

### **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 2006/2007:**

- 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.
- Finalize 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.



# Continuing Performance Measures

In addition to the six Business Objectives for the year, 2006/2007, 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 2006/2007:

## 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 2006/2007:

- 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 safeguarded 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 2006/2007:

- Continue to enhance TICO's Information Management System.
- Continue to 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).
- Meet the terms of the Administrative Agreement.

## 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.
- Maintain good communications with stakeholders and government.

### Performance Measures for 2006/2007:

- 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.
- Improve TICO communications with stakeholders by implementing internal broadcast email capability.
- Continue to liaise with Ministry of Government Services on issues that require TICO's input.
- Continue to communicate and restate the 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, 2006.
- Work with the Ministry to finalize outstanding items on the Administrative Agreement.

# TICO Revenue and Expense Forecast

	Business Plan 2006/2007	Business Plan 2007/2008	Business Plan 2008/2009
<b>Revenues</b>			
Semi-Annual Assessments	1,396,000	500,000	520,000
Registration Fees	1,114,000	1,398,000	1,416,000
Interest	1,078,500	1,050,000	1,020,000
	<u>3,588,500</u>	<u>2,948,000</u>	<u>2,956,000</u>
<b>Operating Expenses</b>			
Compensation Fund Claims	540,000	540,000	540,000
Salaries & Benefits	1,236,000	1,273,000	1,311,000
Administration	947,000	965,000	984,000
Industry Initiatives	515,000	680,000	530,000
Inspections & Compliance	420,000	432,600	432,600
	<u>3,658,000</u>	<u>3,890,600</u>	<u>3,797,600</u>
Excess Receipts over Payments	(69,500)	(942,600)	(841,600)
Net Compensation Fund/TICO Assets beginning of period	<u>30,476,000</u>	<u>30,406,500</u>	<u>29,463,900</u>
Total Compensation Fund/TICO Assets	<u>30,406,500</u>	<u>29,463,900</u>	<u>28,622,300</u>
<b>Compensation Fund/TICO Assets Breakdown</b>			
Compensation Fund Asset	29,986,600	29,303,850	28,430,250
TICO Asset	<u>419,900</u>	<u>160,050</u>	<u>192,050</u>
	<u>30,406,500</u>	<u>29,463,900</u>	<u>28,622,300</u>

## Notes:

1. Compensation Fund Assessments assume that there is a rate reduction to .05/\$1000 wholesale gross sales and .05/\$1000 retail gross sales effective July 1, 2006.
2. Registration Fees are changed effective September 1, 2006 to one year renewals and registration fee based on sales.
3. Interest assumed to be 3.6% per annum
4. Industry Initiatives include in 2006/2007 Consumer Awareness Campaign (CAC) \$250,000, \$100,000 for

Minimum Education Standards, \$30,000 for Consumer Advisory Committee, \$35,000 for the discipline process and \$100,000 for Government Relations.

For 2007/2008 CAC \$500,000, \$30,000 for Consumer Advisory Committee, \$100,000 for Government Relations, \$50,000 Minimum Education Standards. For 2008/2009 Consumer Awareness Campaign \$500,000 and \$30,000 for Consumer Advisory Committee.

# TICO Board of Directors 2005-2006

## Industry Representatives

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Merit Travel Group  
Toronto

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Vice President Commercial  
Transat Holidays  
Etobicoke

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Vice President, Finance &  
Director of Operations  
Trafalgar Tours of Canada  
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Uniglobe Instant Travel  
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### **John Kennedy**

Vice President  
TravelPlus  
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### **Trish McTavish**

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McTavish Travel  
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### **Scott Stewart**

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G. Stewart Travel Services Ltd.  
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### **Richard Vanderlubbe \***

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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

### **Jill Wykes**

Vice President, Customer  
Service, Resort Management &  
Quality Assurance  
MyTravel Canada  
Toronto

### Ministerial Appointments

### **W.H. Bruce Fraser, CA**

Management Consultant  
Toronto

### **Donna Holmes, LL.B. \*\***

Director of Communications  
Ministry of Consumer &  
Business Services  
Toronto

### **Deborah Brown \*\*\***

Acting Director –  
Sector Liaison Branch  
Ministry of Government Services  
Toronto

### **Michael Janigan, LL.B.**

Executive Director & General  
Counsel  
Public Interest Advocacy Centre  
Ottawa

### **Patricia Jensen**

Board Member  
Consumers Council of Canada  
Toronto

### Committee Chairs

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Executive Committee

### **John Kennedy**

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

### **W.H. Bruce Fraser, CA**

Alternate Finance Committee

Officers

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### **Denise Heffron**

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### **Michael Pepper**

President & Chief Executive  
Officer

### **Mary-Ann Harrison, CA**

Chief Financial Officer &  
Treasurer

### **Tracey McKiernan, LL.B.**

Corporate Secretary & Counsel

Statutory Appointments

### **W.H. Bruce Fraser, CA**

Statutory Director,  
*Travel Industry Act, 2002*

### **Michael Pepper**

Statutory Registrar,  
*Travel Industry Act, 2002*

\* Resigned March 10, 2006

\*\* Resigned February 1, 2006

\*\*\* Appointment effective February 1, 2006

For all enquiries, please contact TICO at:



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