



TRAVEL INDUSTRY COUNCIL OF ONTARIO



2007
Business Plan





June 26, 2007

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, we are pleased to submit our tenth Business Plan, which covers the period 2007 to 2010. This Business Plan focuses on important initiatives that will change the way that TICO will operate in the future.

Our biggest priority over the next year is the finalization and implementation of Minimum Education Standards. This will impact travel counsellors and supervisor/managers in the province. This will be the first time that there are mandated educational requirements that registrants must comply with. These new requirements will enhance consumer confidence when dealing with Ontario registered travel agents.

Another important initiative is the development of a Discipline Process. The *Travel Industry Act, 2002* provides that the Minister can establish a mandatory Code of Ethics. TICO's Board of Directors may establish a Discipline Committee to hear and determine issues concerning whether registrants have failed to comply with the Code of Ethics. An Appeals Committee will also be established to hear appeals from the Discipline Committee. If the Discipline Committee makes a determination that a registrant has failed to comply with the Code of Ethics, it may order the registrant to fund educational courses for its employees or to pay fines or costs to TICO. TICO is working on developing this process and will consult with stakeholders prior to any changes being introduced. Developing and implementing a Discipline Process will equip TICO with another enforcement tool to address non-compliance with the Act and the Regulation.

TICO is also reviewing Ontario Regulation 26/05. The Regulation has been in place for some time now and TICO recognizes that there may be areas where the provisions could benefit from some refinements so they work better operationally. Registrants have raised concerns regarding advertising and invoicing requirements. TICO is reviewing these areas of concern to determine whether changes are required.

The work that TICO has undertaken with the Traveller's Protection Initiative to pursue changes to the *Canada Transportation Act* will continue. The airlines have been encouraging the federal government to adopt slower implementation on requirements to advertise all-inclusive airline fares. TICO will continue to encourage the appropriate authorities to move forward with the changes without delay as increased price disclosure is in the best interest of consumers.

The rate reform changes that TICO introduced last year, which decreased Compensation Fund contributions and increased registration fees will enable TICO to operate within its budget and provide a higher level of services to its stakeholders. During this fiscal year, TICO is planning to increase its successful Consumer Awareness Campaign with more media advertising to ensure that consumers are made aware of the benefits of dealing with Ontario registered travel agencies. Other initiatives that are a priority this year include reviewing TICO's Compliance and Complaint handling processes with the goal of improving turn-around times and outcomes.

Once again, TICO has set some ambitious goals for the year ahead. The Board of Directors is confident that it will meet the challenges presented by this evolving industry; that it will provide leadership to registrants in Ontario and ensure that consumers receive the protection that they deserve and have come to expect in this province.

A handwritten signature in black ink, appearing to read "Denise Heffron".

Denise Heffron
Chair, Board of Directors

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

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 Ontario government for administering the *Travel Industry Act, 2002* (the Act), formerly the *Travel Industry Act*, which governs all of the approximately 2,800 travel retailers and wholesalers registered in Ontario and The Ontario Travel Industry Compensation Fund Corporation (the Compensation Fund).

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

TICO's 10th Business Plan outlines:

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

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

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

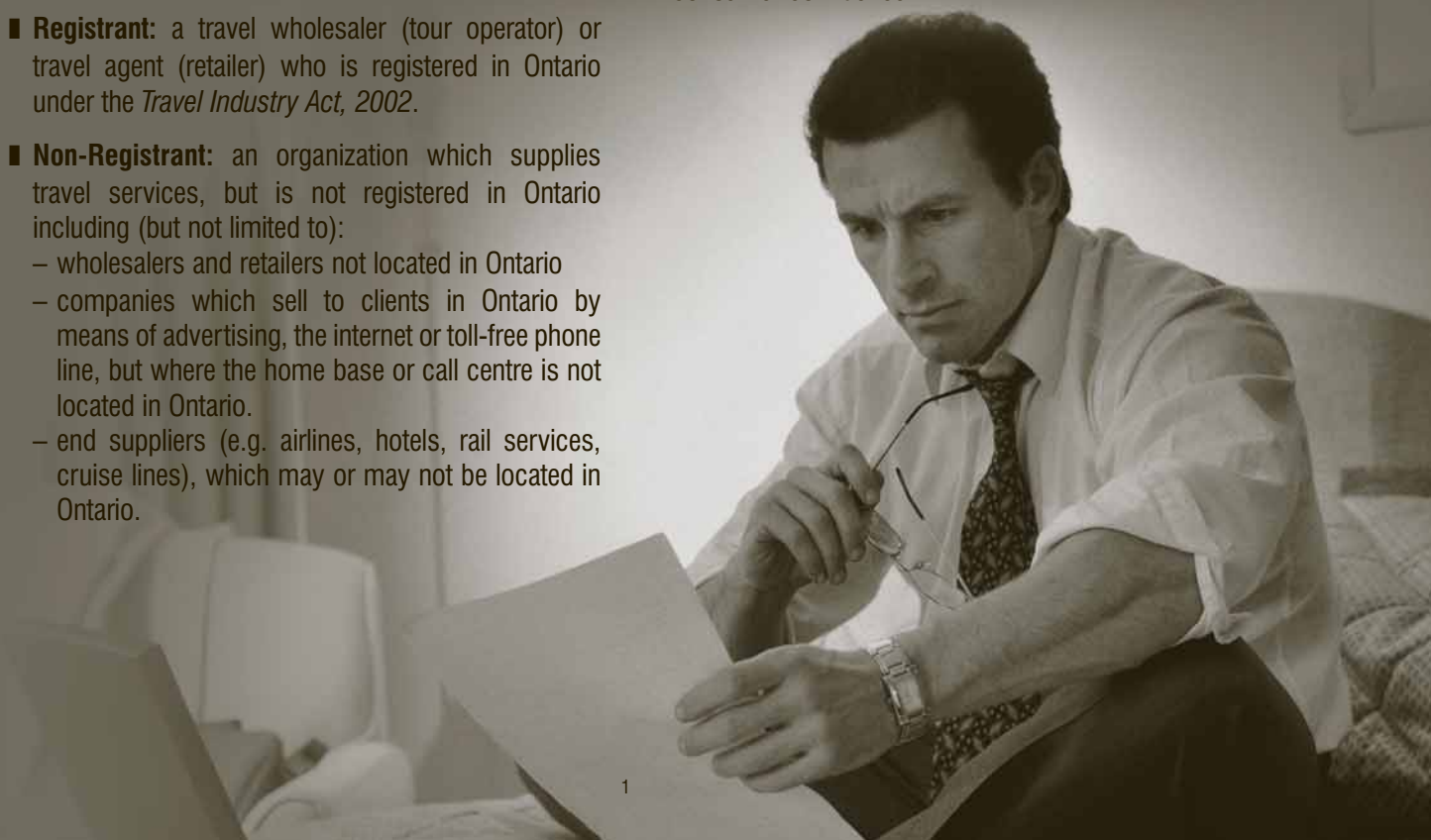
Mandate

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, 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 consumer needs as they relate to the travel industry.
- **All registrants and industry associations:** to harness their knowledge and commitment to ethical and open competition. The associations include but are not limited to:
 - The Canadian Association of Tour Operators (CATO)
 - The Association of Canadian Travel Agencies (ACTA)
 - The Canadian Institute of Travel Counsellors (CITC)
 - The Ontario Motor Coach Association (OMCA)
- **Government:** which has delegated to TICO the responsibility for administering the Act and which holds TICO accountable for supporting its mandate of a fair, safe and informed marketplace.

SERVICES

The services delegated to TICO to provide are detailed below.

Registration

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

Consumer Protection

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

Complaint Resolution

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

The process is outlined in more detail on the following page.

Government Liaison

- Working closely with the 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 increase the following:

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

THE ONTARIO TRAVEL INDUSTRY COMPENSATION FUND

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

TICO's COMPLAINT HANDLING PROCESS

Consumer-to-Registrant Complaints

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

Registrant-to-Registrant Complaints

Registrant-to-Registrant disputes have traditionally not been handled by the Registrar, unless financial issues or other allegations of non-compliance with the Act are involved.

Complaints Against TICO

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

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

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

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

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

RESOURCES

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

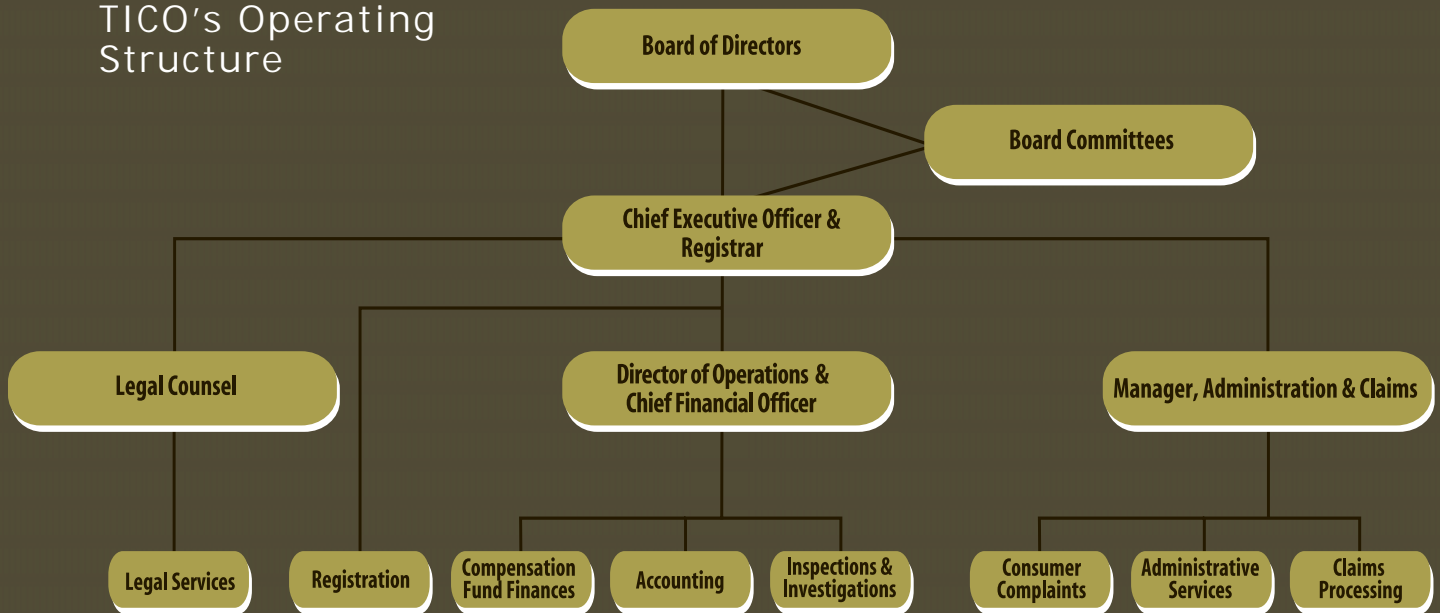
STRUCTURE

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 on the following pages.

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

Executive Committee

(Chair: Denise Heffron)

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

Audit Committee

(Chair: Bruce Fraser)

- Review TICO's internal controls.
- Review accounting and investment policies on an annual basis.
- Review quarterly investment report and financial statements.
- Review audited financial statements and recommend their approval to the Board.

- Confer with TICO's auditors as required, to discuss examination into the financial affairs of TICO.
- Make recommendations to the Board with respect to the appointment and remuneration of external auditors.
- Review insurance coverage annually.
- Review TICO's annual budget.

Business Strategy Committee

(Chair: Scott Stewart)

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

Complaints Committee

(Chair: Michael Janigan)

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

Compensation Fund Committee

(Chair: Bruce Fraser)

- Review and recommend to the Board the payment of claims in accordance with Ontario Regulation 806/93 or Ontario Regulation 26/05.
- Review and monitor the status of appeals to the Licence Appeal Tribunal regarding denied claims.
- Develop and recommend administrative policies to the Board regarding the administration of the Fund.
- Review and recommend recovery procedures to offset the cost of claims.

E-Commerce Committee

(Chair: Denise Heffron)

- Review TICO's programs, services and initiatives to determine any area which could be improved through the use of the Internet.
- 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.
- Consider privacy issues in respect of e-commerce.
- Identify challenges posed by regulating the sale of travel services in an e-commerce environment and provide potential solutions.

- Recommend legislative and regulatory changes in relation to e-commerce.
- Liaise with provincial counterparts and federal authorities on emerging e-commerce issues and the development of a standard.
- Play a role in educating the Board and TICO stakeholders about e-commerce issues including the development of informational literature.

Travel Industry Act, 2002 Minimum Education Standards Committee

(Chair: Mike Foster)

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

Legislative & Regulatory Review Committee (Chair: Michael Janigan)

- Recommend legislative and regulatory reform necessary to achieve TICO's business objectives by:
 - Consulting with Ministry of Government Services on policy and legal issues.
 - Securing and managing stakeholder input.
 - Working with the Ministry of Government Services to move the recommendations forward through the legislative process.
- Develop Code of Ethics for TICO Discipline Process.
- Develop policies in relation to administrative penalties.
- Make recommendations to the Board with respect to requirements for individuals who conduct business outside the office of a registrant. Recommended requirements should ensure:
 - a level of professionalism even if the business is being conducted outside the registrant's office;
 - industry standards are enhanced;
 - consumer monies are protected;
 - consumers receive quality service; and
 - consumers are fully informed.
- Develop a Recommended Best Practices document to assist registrants and outside sales representatives.

Governance Committee (Chair: Brett Walker)

- Determine and articulate TICO's governance model.
- Clarify the Board's role, purpose, core values and responsibilities.
- Review current board member recruitment process including criteria and the election process.
- Communicate board member criteria to groups eligible to make appointments to the Board.

- Conduct an annual review of the Board of Directors Code of Conduct.
- Develop a Board and Committee Attendance Policy including a process to deal with attendance problems.
- Examine the issue of board member retention and review of remuneration.
- Review TICO's Board and Committee Structure.
- Develop a system for evaluating the Board's performance.
- Devise a set of basic performance benchmarks to measure board effectiveness.
- Develop a work plan to enhance Board performance.
- Communicate results of board evaluation.
- Review TICO's Board Orientation Process.
- Responsible for policies in relation to corporate governance.
- Recommend any changes required to TICO's By-law in relation to governance issues.

Alternate Finance Committee (Chair: Michael Merrithew)

- Assess the level the Fund should be maintained at to ensure adequate protection for consumers.
- Review who should be contributing to the Fund.
- Determine a fair and workable method to assess contributions to the Fund.
- Explore whether there should be higher financial requirements for entry to the industry.
- Identify potential models for compensation by examining different models from other jurisdictions.
- Conduct a comparative analysis of potential models against Ontario's current system.
- Identify best practices from the various models analyzed.
- Identify key areas of risk in registrant business practices.
- Consider steps that could be taken to reduce those risks.

Consumer Advisory Committee
(Chair: Michael Pepper)

- To provide the President/CEO with observations, advice and recommendations with respect to consumer issues.
- To monitor general trends vis-à-vis consumer complaints.
- To gather information on programs employed by other professions that are intended to increase consumer protection.

- To develop recommendations that will enhance consumer confidence and protection.
- To gather and exchange information on issues of interest and importance to consumers.
- To gather information on programs and/or implementation strategies for programs that will advance consumer protection.



Business Objectives Achieved 2006/2007

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

- Results of the Actuary Report used to determine the appropriate level of the Compensation Fund to provide sufficient protection for consumers.
- Distributed a Consultation Paper outlining the proposed Rate Reform to all registrants and requested feedback. Consultation Paper, FAQ's on Rate Reform as well as Industry Advisories and Press Releases distributed and posted on TICO website. Meeting of Members held on July 25, 2006 to announce proposed Rate Reform and obtain feedback from stakeholders. The Board reviewed feedback received from stakeholders.
- An Actuary Report was provided to the Ministry of Government Services to support TICO's proposal to decrease Compensation Fund assessment rates to 5¢ per \$1,000 of sales for both registered travel retailers and registered travel wholesalers on sales on or after April 1, 2006.
- TICO internal processes were amended and implemented.
- Effective September 1, 2006, TICO's registration and renewal fees were increased. Renewal fees are based on reported sales in Ontario during the registrant's previous fiscal year.

Implement *Travel Industry Act, 2002* Minimum Education Standards

- Study Manual for travel counsellor and supervisor/manager level in final stages of development.
- Exam questions for both travel counsellor and supervisor/manager level to be finalized.
- Proctor's Guide in final stages of development.
- Implementation plan for *Travel Industry Act, 2002* Minimum Education Standards to be finalized.

- Development and implementation of a communications plan for *Travel Industry Act, 2002* Minimum Education Standards is ongoing. Worked with CITC to develop updated FAQ's on the *Travel Industry Act, 2002* Minimum Education Standards. FAQ's was made available to registrants and posted on the TICO website.
- Education of stakeholders on *Travel Industry Act, 2002* Minimum Education Standards is in progress.
- Establishment of plan to enforce *Travel Industry Act, 2002* Minimum Education Standards is in progress.

Develop and Implement Discipline Process

- Drafting of new mandatory Registrant Code of Ethics is underway.
- Development of TICO Discipline process is underway.
- Consultation with stakeholders not completed as discipline process still in developmental stages.
- Implementation plan not commenced as discipline process still under development.

Explore Alternate Sources of Revenue to Finance the Compensation Fund

- Actuary Report completed and used to evaluate the appropriate level of the Compensation Fund. The results indicated that the level of the Compensation Fund should be maintained between \$20 - \$25 million, which includes \$10 - \$15 million to guard against registrant failure and an additional \$10 million in the event of end supplier airline or cruise line failure.
- Identified key areas of risk in registrant business practices and considered steps that could be taken to reduce those risks.
- Continued to explore travel protection schemes in other jurisdictions to assist with recommendations for alternate financing of Ontario's Travel Compensation Fund.

- In June 2006, Compensation Fund assessment rates were reduced to 5¢ per \$1,000 sales for both registered travel retailers and registered travel wholesalers.

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. Information available on TICO's website as well as communicated to stakeholders during day to day operations.
- Continued television and radio ad campaign promoting consumer awareness of TICO and benefits of dealing with Ontario registrants with the use of the tag line: "Always Look for the TICO sign when you book your travel time."
- Distributed collateral materials to registrants and continued to encourage registrants in TICO Talk newsletter and on TICO's website to support TICO's Consumer Awareness Campaign by displaying and distributing collateral materials to consumers to increase awareness.
- TICO participated at seven consumer and industry trade shows during the last 12 months to promote consumer awareness as to the benefits of purchasing travel services from Ontario registrants.
- Conducted six media interviews and six speaking engagements promoting knowledge of TICO.
- Produced a weekly Travel Registrar Q&A column in the National Post newspaper.
- Sponsored the month of September in the Ministry of Government Services' 2007 Smart Consumer Calendar. The calendar contains valuable consumer protection information and tips on how to avoid fraud in the marketplace. The Smart Consumer Calendar is distributed to over 200,000 consumers across Ontario.

Liaise with Other Jurisdictions to Eliminate Gaps in Consumer Protection

- Continued to work with the Traveller's Protection Initiative (TPI) to advocate for changes at the federal level with respect to federal regulations pertaining to airlines.
- Submission was provided by TPI to the Federal Standing Committee on Transport in relation to the proposed changes to the *Canada Transportation Act*, specifically in respect to airline advertising.
- Continued to keep informed of proposed changes to travel legislation in other provinces.
- Met with representatives of travel trade associations and governments in Alberta, Prairie Provinces and Maritime Provinces to discuss the feasibility of introducing harmonized standards in those provinces.
- Completed Schedule "J" to the Administrative Agreement.

Assess Effectiveness of What TICO has Done to Date

- Continued to distribute consumer surveys to assess TICO's operational effectiveness in the area of claims processing and complaint handling.
- Results of completed consumer surveys are reported in TICO's 2007 Annual Report.
- Reviewed the results of the completed consumer surveys. The results will be used to make improvements to TICO's process where appropriate. Further details are reported in TICO's 2007 Annual Report.
- Enhancements to TICO's Information Management System were completed. Additional changes are underway due to changes in the Compensation Fund assessment rates and registration and registration renewal fees.
- Survey results have been analyzed. Changes in procedures are underway to enhance complaint processing turn around times.

- TICO's internal procedures were reviewed and amendments made to policies in relation to the processing of Compensation Fund assessments and registration and renewal applications in response to the rate reform.
- Reviewed TICO's Privacy Policy and TICO's internal processes. No changes were made to the policy in the last year.
- Retained a consultant to assist in the development of the Disaster Plan, which is underway.
- Completed Disaster Recovery Plan Testing for the recovery of TICO's internal Information Management Systems in the event of a disaster.
- Met the terms of the Administrative Agreement with the Ministry of Government Services by maintaining operations and systems for effectively administering the the Act and Regulation in accordance with TICO's mandate.
- Provided Business Plan for 2006-2009 to stakeholders.
- Archives Agreement to be finalized.

Communications and Government Liaison

- Prepared and distributed a quarterly newsletter (TICO Talk) to all registrants and distributed Industry Advisories and Registrar Bulletins on significant and timely issues.
- Maintained TICO website and provided timely online information to benefit stakeholders. Information provided included communication items such as FAQ's on the Minimum Education Standards Programme, FAQ and Advisories in relation to Rate Reform, Press releases, Guidelines, Business Plan, Annual Report and the TICO Talk Newsletter
- TICO has acquired the capability of communicating with registrants via broadcast email.
- TICO has continued to liaise with the Ministry of Government Services on issues that require TICO's input and participated in regular liaison meetings.
- Continued to communicate and restate TICO registrant Code of Ethics through TICO's website and TICO Talk Newsletter.

Business Objectives

ENVIRONMENT

As people are travelling more frequently and becoming more sophisticated consumers, the choices offered by travel suppliers have to meet increasing customer expectations. With the increasing use of the internet, Ontario's travel agencies and travel wholesalers are competing with operators from around the globe more than ever before. There is a growing trend for consumers to by-pass the travel agent and to make bookings directly with the suppliers of the travel services. Thus, it is important for travel agents and travel wholesalers to promote the benefits of booking with a registered Ontario travel agency.

TICO is doing its part to get the message out by increasing the budget for its Consumer Awareness Campaign. The campaign is focused on making consumers aware of TICO and the benefits of dealing with registered travel agents. While there may be an additional cost for the travel agent's service fee, the customer can have confidence knowing that the registrant must comply with the *Travel Industry Act, 2002* and Ontario Regulation 26/05. Further, a Compensation Fund exists to protect the customer in certain circumstances in the event of a registrant or end supplier airline or cruise line failure.

While the regulatory requirements in Ontario can seem like a burden to registrants in this province, the requirements can also be an effective marketing tool if properly promoted to customers. Many of the disclosure, advertising and invoicing requirements protect both the customer and the registrant. Since the September 11th terrorist attacks, security requirements and travel documentation requirements have become increasingly complex. Consumers benefit when travel agents assist them by advising what documents are required in order to travel without interruption.

One of the ways that TICO is raising the bar in the travel industry in Ontario is by introducing education standards for travel counsellors and supervisor/managers. The Study Manual, which will be released in the fall of 2007, will focus on the requirements of the Act and Regulation.

Registrants are encouraged to tell their customers about the new requirements as travel counsellors who know and understand the rules governing their conduct will be better able to assist their clients.

Unfortunately, there are some well documented gaps in consumer protection. One of the reasons for these gaps is that there are different rules in place at the federal and provincial levels. Another problem is that in some jurisdictions, there are no rules at all. TICO has taken a lead role in encouraging the federal government to make changes to, at a minimum, bring the standards at the federal level to that of the three regulated provinces in Canada. TICO's goal is to continue taking a lead role in harmonizing standards across this country so that all consumers are protected and there is a level playing field for travel businesses. TICO's newly formed Consumer Advisory Committee is assisting by providing valuable feedback on travel issues that matter to consumers so that the consumer voice is heard when decisions are made.

As technology is playing an ever increasing role in our world today, TICO is conducting its first IT Systems Audit. The goal of the Audit is to ensure that TICO's systems are secure and its procedures are sound. We want to ensure that the information that we obtain in the course of our business is properly protected. While we believe our systems are functioning properly, having a third party review makes sense. TICO will implement any recommendations to enhance our systems.

The past ten years have been busy ones for TICO and the next three years are likely to be equally eventful. As our world and the travel industry change, TICO must change as well. We must be proactive and anticipate where the industry is going so that we can ensure that consumers are protected and the industry prospers.

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 *Travel Industry Act, 2002* Minimum Education Standards.

Develop Discipline Process.

Review and recommend changes to Ontario Regulation 26/05.

Review TICO Board Recruitment Process

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.

Explore alternate sources of revenue to finance the Compensation Fund.

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 2007/2008

OBJECTIVE # 1: **Implement *Travel Industry Act, 2002* Minimum Education Standards**

Performance Goals:

- Ensure all registrants have a sound knowledge of the *Travel Industry Act, 2002* and Ontario Regulation 26/05, so that they are better able to serve their clients.

Performance Measures for 2007/2008:

- Finalize Study Manual for travel counsellors and for supervisor/managers.
- Finalize Proctors Guide.
- Finalize Travel Counsellor and Supervisor/Manager Exams.
- Initiate plan for implementation of *Travel Industry Act, 2002* Minimum Education Standards.
- Communicate with and educate stakeholders regarding the implementation of the Education Standards.
- Develop and implement a plan to enforce the Education Standards.

OBJECTIVE # 2: **Develop Discipline Process**

Performance Goals:

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

Performance Measures for 2007/2008:

- Complete mandatory Code of Ethics for Registrants.
- 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.
- Review feedback from consultation and make enhancements to process.
- Develop implementation plan for discipline process.

OBJECTIVE #3: **Review and Recommend Changes to Ontario Regulation 26/05**

Performance Goals:

- Enhance the effectiveness of the consumer protection provisions contained in the Regulation and ensure that the requirements can be met by registrants.

Performance Measures for 2007/2008:

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

OBJECTIVE #4: **Review Board Recruitment Process**

Performance Goals:

- Improve the Board of Director Recruitment Process to ensure that TICO obtains qualified Board members.

Performance Measures for 2007/2008:

- Review the criteria for Board members.
- Review Election process.
- Review TICO By-laws.
- Review remuneration of Board members.
- Recommend change where appropriate.

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 registrants to increase their role in promoting consumer awareness through their communication and advertisements.

Performance Measures for 2007/2008:

- 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 to 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 2007/2008:

- 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 advocate for changes 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.

Continuing Performance Measures

In addition to the six Business Objectives for 2007/2008, TICO will also continue to provide the services 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 2007/2008:

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 2007/2008:

- Continue to distribute consumer surveys to assess TICO's operational effectiveness in the area of claims processing and complaint handling.
- Report results of completed consumer 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.
- Efficient and timely processing of consumer complaints.
- Ensure that compliance process procedures are efficient and timely.
- Ensure consumer/registrant/employee information is secure and properly safe guarded in accordance with TICO's Privacy Policy and applicable legislation.

- Establish a schedule of fees for TICO services on a cost recovery basis.
- Ongoing development of an effective and equitable system to ensure compliance.
- Ensure the Compensation Fund and TICO are adequately financed

Performance Measures for 2007/2008:

- Continue to enhance TICO's Information Management System.
- Continue to analyze consumer 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.
- Meet the terms of the Administrative Agreement.
- Align Form 1 payments with annual registration renewals.
- Incorporate changes to TICO's database to allow alignment of Form 1 payments with annual registration renewals.
- Commence review of TICO's Complaints and Compliance process.
- Review Outside Sales Representative Guidelines.
- Review the services that TICO provides and create a schedule of fees on a cost recovery basis.
- Initiate IT Systems Audit.
- Review and implement recommendations resulting from IT Systems Audit Report.
- Review the level of the Compensation Fund to ensure that it is sufficient to provide adequate protection for consumers.
- Review contribution rates to ensure the Fund is adequately financed.
- Review registration and renewal fees to ensure TICO is adequately financed.

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, 2002* 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 open communications with stakeholders and government.

Performance Measures for 2007/2008:

- 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, 2007.
- Work with the Ministry to finalize outstanding items on the Administrative Agreement including the Archives Agreement and Regulation Consultation Criteria.

TICO Revenue and Expense Forecast

	Business Plan 2007/2008	Business Plan 2008/2009	Business Plan 2009/2010
Revenues			
Semi-Annual Assessments	\$ 470,000	\$ 470,000	\$ 470,000
Registration Fees	1,289,000	1,289,000	1,289,000
Interest	1,288,000	1,156,000	1,113,000
	<u>3,047,000</u>	<u>2,915,000</u>	<u>2,872,000</u>
Operating Expenses			
Compensation Fund Claims	1,140,000	540,000	540,000
Salaries & Benefits	1,380,000	1,422,000	1,465,000
Administration	985,000	1,015,000	1,045,000
Industry Initiatives	670,000	570,000	520,000
Inspections & Compliance	432,000	445,000	458,000
	<u>4,607,000</u>	<u>3,992,000</u>	<u>4,028,000</u>
Excess Receipts over Payments	(1,560,000)	(1,077,000)	(1,156,000)
Net Compensation Fund/TICO Assets beginning of period	<u>30,454,000</u>	<u>28,894,000</u>	<u>27,817,000</u>
Total Compensation Fund/TICO Assets	<u>\$ 28,894,000</u>	<u>\$ 27,817,000</u>	<u>\$ 26,661,000</u>
Compensation Fund/TICO Assets Breakdown			
Compensation Fund Asset	\$ 28,339,750	\$ 27,264,900	\$ 26,131,400
TICO Asset	<u>554,250</u>	<u>552,100</u>	<u>529,600</u>
	<u>\$ 28,894,000</u>	<u>\$ 27,817,000</u>	<u>\$ 26,661,000</u>

Notes:

1. Comp Fund Assessments are based on .05 per \$1,000 of sales for retail and wholesale sales.
2. Registration Fees assumes no change to current rates.
3. Interest assumed to be 4% per annum.
4. Industry Initiatives include in 2007/2008: Consumer Awareness Campaign \$500,000, \$120,000 for Minimum Standards, \$20,000 for Consumer Advisory Committee, \$30,000 for the discipline process. For 2008/2009: Consumer Awareness Campaign \$500,000, \$20,000 for Consumer Advisory Committee, \$50,000 Minimum Standards. For 2009/2010: Consumer Awareness Campaign \$500,000, and \$20,000 for Consumer Advisory Committee.
5. Expenses assumed to increase by 3% in 2008/2009 and 2009/2010.

TICO Board of Directors 2006-2007

Industry Representatives

Denise Heffron – Chair

Vice President Commercial
Transat Holidays
Etobicoke

Scott Stewart – Vice Chair

President
G. Stewart Travel Services Ltd.
Peterborough

Bruce Bishins*

Vice President, Travel
Distribution
and Industry Relations
Helen Thompson Travel
Toronto

Jeff Element

President
Travel Corporation Canada
Toronto

Mike Foster

President
Uniglobe Instant Travel
London

Annika Klint

Vice President
The Travel Network
Toronto

Michael Merrithew

President
Merit Travel Group
Toronto

* Resigned March 27, 2007

** Resigned January 1, 2007

Trish McTavish**

Vice President
McTavish Travel
Oakville

Brett Walker

Operations Manager
Collette Tours
Toronto

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, C.A.

Management Consultant
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

Ex Officio

Michael Pepper

President & CEO
Travel Industry Council
of Ontario
Mississauga

Committee Chairs

Denise Heffron

Executive Committee
E-Commerce Committee

Scott Stewart

Business Strategy Committee

Michael Janigan, LL.B.

Complaints Committee
Legislative & Regulatory
Review Committee

W.H. Bruce Fraser, CA

Audit Committee
Compensation Fund Committee

Mike Foster

Travel Industry Act, 2002
Minimum Education Standards
Committee

Brett Walker

Governance Committee

Michael Merrithew

Alternate Finance Committee

Michael Pepper

Consumer Advisory Committee

For all enquiries, please contact TICO at:



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