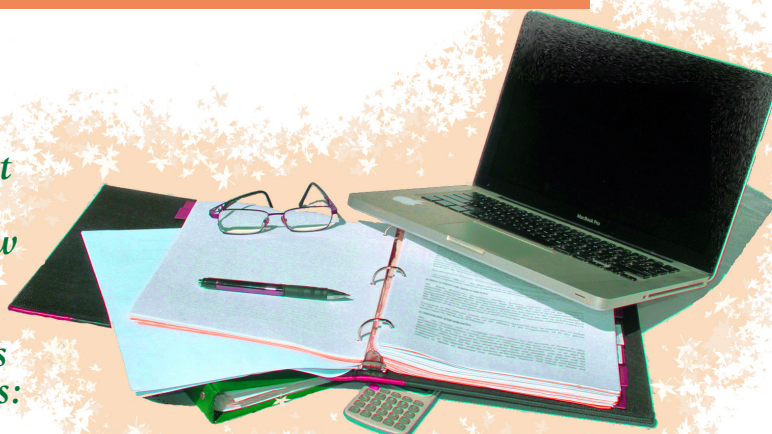


REVIEWING THE

Travel Industry Act, 2002 and Ontario Regulation 26/05

Much has taken place since the last issue of TICO TALK was published. Phase 1 of the comprehensive review of Ontario's Travel Industry Act and Regulation has been completed. Information was gathered and issues were identified in the following ways:

- The government consulted with a cross-section of registrants, big and small, as well as with consumers and other stakeholders, to garner as many perspectives as possible.
- An online survey, available until December 3, 2016, invited both the travel industry and consumers to share their experiences with booking travel in Ontario.
- Those unable to complete the online survey before the deadline were invited to submit their feedback directly to the government by email.
- TICO held – and continues to hold – a series of Open Forums around Ontario to obtain feedback from registrants on a number of important issues including the ongoing review.



After the completion of Phase 1 on December 3, 2016, a government-prepared report outlining the key issues identified during that phase was released in advance of Phase 2's consultations. To access the report, please [click here](#). As you will see, the five main areas of consideration for reform, according to the feedback, are as follows.

- Increasing consumer protections under the Act;
- Reducing regulatory burden on travel industry businesses;
- Enhancing enforcement tools, including additional penalties for businesses that don't comply with the Act;

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TICO BOARD OF DIRECTORS 2016/2017

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Lindsay

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Executive Director
Tourism Sault Ste. Marie

Lorraine Nowina
Toronto

MESSAGE FROM THE REGISTRAR



As we approach the completion of another fiscal year, we can look back at 2016/2017 and acknowledge it has been a year in which change has been at the forefront of our mission.

As reported in our last edition of *TICO TALK*, a number of regulatory changes were implemented this fiscal year. These changes included a new exemption for low risk businesses involved exclusively with one-day tours and a harmonization of filing timelines for different claim types against the Compensation Fund. Perhaps the most significant regulatory change was the introduction of all-in pricing effective January 1st of this calendar year. This change, similar to federal airline pricing, now requires all travel services sold in Ontario to reflect the total price paid by consumers across all forms of advertising and other representations, including websites. Following several years of consumer and industry feedback, consumers now see, in advance, what they will pay in one single price, and can now perform price comparisons more easily from one seller to another. So far, most registrants have embraced all these changes and consumers are becoming more confident with their travel purchases.

In my last report, I shared with you the process that the Ministry of Government and Consumer Services is following in their review of the *Travel Industry Act, 2002* and Regulation 26/05. This multi-phase process is well underway, with Phase 1 now complete. Most recently, a Phase 1 Report was distributed to all stakeholders. A copy of this report can be found on the Ministry's website and also through a link provided on TICO's own website. I'd like to thank all consumers, registrants and other industry stakeholders for their input into this important process. The government is now engaged in the next phase and is holding public consultations throughout the province. These sessions, combined with TICO's Open Forums, are intended to dig deeper into the issues and identify potential solutions to the challenges identified during Phase 1. This initiative presents a unique opportunity to shape our consumer protection legislation for years to come.

Parallel with the comprehensive review underway, the Board of Directors has also provided oversight on the review of TICO's long standing Mission and Vision. Through a fully engaged Board of Directors, senior management and staff have modernized TICO's Vision and Mission statements in keeping with TICO's core consumer protection mandate while recognizing that the delivery of this mandate will require new and innovative strategies and developments. The Ministry has also reviewed these revisions, providing their support by facilitating the direction of the comprehensive review now underway. I look forward to sharing our new Vision and Mission statements with you over the coming months.

Continued on page 4...

- Reviewing the Compensation Fund, including what travel services consumers are able to seek compensation for, and who should contribute to the Fund; and
- Evaluating the types of activities and businesses that should be regulated under the Act.

It is tremendously important that TICO registrants review this report carefully and provide feedback – in person or electronically – during Phase 2 of the process.

Phase 2: Public Consultations to develop solutions

Following the release of the report, a series of government-sponsored in-person consultations are taking place across the province. The consultations are soliciting feedback from members of the public and the travel industry on the issues identified in Phase 1, as outlined in the report. The discussions will include looking at ways to update the legislation.

Through February and early March, sessions took place in Toronto (two), London, Thunder Bay, Ottawa and Sudbury. The final two sessions are as follows:

CITY	DATE	LOCATION	TIME
Mississauga (Consumers Only)	Wednesday, March 8, 2017	Centre for Health & Safety Innovation 5110 Creekbank Road Ontario Presentation Centre North	6:00 pm - 9:00 pm
Markham	Thursday, March 9, 2017	Hilton Toronto/Markham Suites Conference and Spa 8500 Warden Avenue	1:00 pm – 4:00 pm

These consultations offered an excellent opportunity for registrants to provide feedback. If you were unable to attend any of the sessions, you may submit your comments and suggestions by email to the Ontario government at travelindustryact@ontario.ca. Feedback on the Summary Report of the Phase 1 consultations is April 14, 2017.

During Phase 3, a report outlining the options and recommendations will be posted for the public and all interested stakeholders to review and comment on, on Ontario's Regulatory Registry website. ▲



Reminder: New Regulations for All-in-Pricing!

All-in-pricing became a mandatory requirement for Ontario's travel industry on January 1, 2017, as stated in Section 33 of Ontario Regulation 26/05. This means that any representation referring to a price must show the total amount that a customer will be required to pay for travel services, including all fees, levies, service charges, surcharges, taxes and other charges. The retail sales tax and federal goods and services tax, along with any counselling or service fees that registrants charge, must also be included.

With this important change, consumers will now know exactly what they will be required to pay, making it much easier to compare prices. The change will help promote fairer competition and a level playing field when registrants advertise the price of travel services in Ontario.



TICO has revised its Advertising Guidelines to reflect the new requirements, which can be reviewed by [clicking here](#). In addition, you may check the updated Advertising Checklist [here](#) or the Website & Social Media Compliance Checklist [here](#).

A Very Important Date to Remember!

Effective April 1, 2017, the Compensation Fund Rate will increase from \$0.20 to \$0.25 per thousand dollars of Ontario sales. This is Phase 2 of a phased-in increase over a two-year period that was approved by TICO's Board of Directors last year. Phase 1 allowed for an increase from \$0.15 to \$0.20 per thousand dollars of Ontario sales that became effective on July 1, 2016. The phased-in approach was adopted to provide some relief to registrants.

*"We understand that the industry is facing difficult challenges. TICO has maintained a strong control over its costs, and this focus will continue. TICO understands the concerns of industry members that the legislation and funding model is dated and needs to be reviewed. Both the Board and Senior Management are committed to continued collaboration with the Ministry to ensure these concerns are understood during the Ontario government's comprehensive review of the **Travel Industry Act, 2002** and Ontario Regulation 26/05", said **Richard Smart**, TICO President and CEO.*

"Our goal has been to keep fees to registrants as low as possible while ensuring that TICO has appropriate resources to execute its consumer protection mandate in an efficient and effective manner."

The Consumer Awareness Campaign Sees Positive Results

Judging by the findings from the omnibus survey, TICO's redesigned Consumer Awareness Campaign – which was shown on mainstream television stations from December 19, 2016 to January 22, 2017 – made its mark.

The survey found that while awareness levels of TICO remained the same, the depth of knowledge had improved, building on the gains in awareness achieved in 2015. Awareness levels were 33% in Ontario, and 36% within the GTA, while among travellers in Ontario, the awareness was 37%. There was also an increase to 73% of those aware that travel services must be purchased from an Ontario registered travel agency or website to obtain the protection from TICO and the Compensation Fund, compared to 69% in 2016.

The 2017 TV Ad Campaign

Television continues to be the largest source of awareness. The two-pronged thrust of the TV ad campaign, showing a 15-second ad at the beginning and end of a show, was much more effective than the single ad campaign of 2016. One encouraging result was that 81% of those who recognized the TICO logo correctly identified one or more TICO roles, which is significantly up from 74% in 2016. In addition, there was a 28% recall vs. a 22% recall the year before.

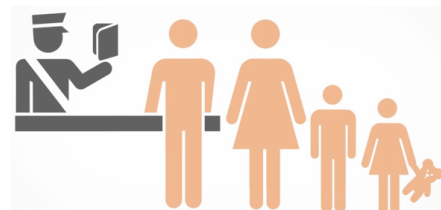


Besides book-ending shows with the two ads, the Bye Bye-themed message was a strong one. It warned of the potential for losing both money and the vacation if a trip is not booked

through a TICO-registered agency – thereby reminding viewers of the protection provided by booking through a TICO registrant. The campaign provided viewers/travellers with information that they may not have known, but which could impact their travel plans.

The omnibus survey also found that 49% of those surveyed were aware that TICO assists consumers with complaints against TICO registrants, compared with 45% the previous

year, and 30% understood that TICO provides refunds to consumers who do not receive the travel services for which they had paid, compared with 28% the previous year. It certainly appears that the campaign's underlying message – booking with a TICO registered travel agency or website offers protection, no matter how unexpected the problem – has had a very positive impact. ▲



TICO's Open Forums: Well Attended, and Lively Discussions

At the start of the year, TICO began holding Open Forums throughout Ontario. So far, seven sessions have been held, attended by approximately 100 people in total, with another four scheduled. The sessions are free of charge, and open to all Ontario travel agency owners and travel agents. It is proving to be an effective way to get feedback from the travel industry. Four main areas of concern were discussed and are summarized below.

Registration:

- **Individual Registration** – most participants strongly supported the concept of individual registration, provided that the individual was associated with a TICO registrant. Participants in several groups felt that individual agents should undergo Criminal Record checks and even carry Errors and Omissions insurance. One group suggested that the criteria for individual registration should be similar to IATA cardholders, based on proof of actual sales to eliminate “hobby” agents.
- **Combining Travel Agent/Travel Wholesaler Registration** – approximately half the participants supported TICO having only one type of registration. Some felt that if there was only one category, the fees should be assessed on the type of business. Others thought that combining the registration should be optional, with those operating only as a retailer paying a lower rate, based on the higher risk incurred by wholesale businesses.
- **Operating outside Ontario** – most felt that anyone operating outside Ontario should be registered when advertising to Ontario residents. Some thought that all travel advertising in Ontario, regardless of the place of business of the advertiser, should be regulated by Ontario rules.

Financial Requirements:

- **Trust Accounting** – in some groups there was a strong consensus that trust account requirements should be maintained, as they acted as a moral deterrent. Others said it should be eliminated, or only required under certain conditions, such as when the business accepts cash and/or cheques as payment. One group suggested that if there were multiple categories of registration, some could continue to use trust accounting, and others could be excluded from the requirement, based on the risk of the business.
- **Financial Statements** – almost all participants agreed that audits and review engagements are very expensive, and are not a strong indicator of the current health of a company. The majority believed that financial statements were a valid check on the financial health of the company, but that the audit's threshold should be raised and the requirement for review engagements should be revisited.

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Message from the Registrar continued from page 2

From an operational perspective, there is significant activity underway. A new Information Technology strategy and platform was approved by the Board of Directors earlier this year, and the initial stages of modernizing TICO's infrastructure is well underway. This includes the migration of all applications using Cloud-based platforms, enhancing capabilities in our core systems, and improving collaboration and productivity tools for our employees. We continue to invest in our staff through focused employee development initiatives, recognizing the importance of our people in achieving our Mission. We are equally proud of our Corporate Social Responsibility initiatives, which help build employee engagement by contributing our time and effort to important community goals.

In summary, this fiscal year has been challenging but rewarding. Through all these initiatives, we must remain committed and focused on our ultimate stakeholder – the consumer. At the same time, we recognize the importance of a vibrant registrant base, and look forward to facilitating a regulatory framework that supports a healthy marketplace and a consumer who remains informed and confident in their travel purchases.

I would like to thank-you for your continued support and input into a regulatory consumer protection model of which we can all be proud.



Richard Smart, President and CEO

Upcoming Election

There is one elected position available on the Board of Directors, commencing at the Annual General Meeting to be held on June 20, 2017. The elected retail position is to replace **Paul Samuel**, whose term will be completed on June 20, 2017. The term of office for this position will be three years, ending at the Annual General Meeting to be held in 2020.

Anyone wishing to run for election must be nominated by two registrants, and the completed Nomination Form must be submitted with candidates' biographical information and Criminal Record Check. The nomination package has been sent out, and **the deadline for nominations to be received at TICO is no later than 5.00pm Eastern Time on April 21, 2017.**

*"With a comprehensive review of the Travel Industry Act, 2002 underway, this is an excellent opportunity to join a dynamic Board of Directors to help shape Ontario's consumer protection legislation, as it relates to travel, for years to come. There is perhaps no better way to craft effective consumer protection, while ensuring industry needs are addressed, than by contributing to the TICO Board," said **Richard Smart**, TICO President and CEO. "I would like to encourage registrants who wish to participate on the TICO Board to submit nomination forms. This is your industry, so please take this opportunity to get involved."*



FIRST NOTICE ANNUAL GENERAL MEETING

TAKE NOTICE THAT the Annual General Meeting of the members of the Travel Industry Council of Ontario ("TICO") will be held at 1:30 p.m. on Tuesday, June 20, 2017 at the Mississauga Living Arts Centre, 4141 Living Arts Drive, Mississauga, Ontario, for the purpose of:

- (a) receiving the financial statements for the previous financial year, together with the Auditor's Report;
- (b) receiving and considering the Annual Report;
- (c) appointing the auditors for the Corporation and authorizing the Board of Directors to fix the auditor's remuneration;
- (d) transacting such other business as may properly come before the meeting.

Only members in good standing are entitled to participate in and vote at the meeting. Members of the public are invited to attend.

Written notice must be received by the Secretary on or before May 5, 2017, of any motions to be made at the Annual Meeting.

Members who will not be attending the meeting are invited to submit written requests for proxies. Copies of the audited financial statements as at and for the fiscal period ended March 31, 2017 will be available at the Annual General Meeting and may be requested in writing prior to the meeting.

DATED at Mississauga this 31st day of January, 2017.

On behalf of the Board of Directors

Tracey McKiernan

Secretary

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TICO'S Open Forums: well attended, and lively discussions continued from page 5

- **Working Capital** – many thought that working capital amounts should be increased, with one person suggesting that it should be 1% of top sales. One group unanimously believed that working capital should not be raised as it is sometimes difficult for small businesses to maintain the balance in the bank account at all times.

Compensation Fund

- **Eliminating the Fund** – most participants felt that the Fund had value and should be maintained, but with changes. Those who believed it should be eliminated, generally thought that there should be an alternative option available, such as a third-party insurance scheme.

- **Consumer/Registrant Pay** – nearly all participants felt that the Fund should be consumer-pay, although there was concern that this might be a deterrent for booking with a TICO registrant. Another option discussed

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TICO'S Open Forums: well attended, and lively discussions

continued from page 6

was that it should be a co-funded arrangement. One group suggested that if the Fund was consumer- or registrant-funded, there should be a limit on the value of the Fund, with a payment holiday if the balance remained at or above the ceiling limit. Two groups suggested that if the Fund was consumer-pay, it should be optional, thereby allowing the corporate traveller to opt out.

- **Coverage** – there was overall consensus that if the consumer paid, all end-suppliers should be covered, whereas if the Fund continued to be registrant-funded, there should be no coverage for non-registrant services.

Education:

- **Continuing Education** – opinions on this were split, with some wanting to leave things as they are, others believing that continuing education requirements were necessary. Some felt that education standards should align with the registration categories; others thought that the education program should be expanded, with more emphasis on selling and counselling skills, as well as best business practices.

- **Certification/Re-certification** – again, opinions were divided on whether there should be a requirement to re-certify by writing exams at time of renewal. Some felt there should be a mandatory requirement for a refresher course and exam.

- **Exam Requirements for Non-selling Employees** – some thought that there should be an exam for those individuals working on the financial side of the travel business. Others felt there should be a course specifically geared to the financial requirements under the legislation. There were also strong arguments made on both the pros and cons of requiring agency owners to write the exams.

Other areas of intense discussion included risk assessment, disclosure, and all-in-pricing.

Every suggestion collected at the Open Forum is being shared with TICO's Legislative & Regulatory Modernization Committee. The feedback will be included in their deliberations on how to reform Ontario's travel legislation, and incorporated into their recommendations to TICO's Board of Directors, and ultimately to the Ontario government. ▲



Court Matters

CONVICTIONS

Lorna Arcega plead guilty and was convicted of two counts of operating as a travel agent without registration, contrary to **Section 4 (1) (a)** of the *Travel Industry Act, 2002*. Ms. Arcega operated in Toronto and elsewhere in Ontario. The plea and conviction under the *Act* was joined with the plea and conviction of four counts of Fraud Under \$5,000, under the *Criminal Code of Canada*. Ms. Arcega was sentenced on both sets of charges as follows:

1. Restitution in the amount of \$40,000 relating to Criminal Code charges;
2. Restitution in the amount of \$4,000 in relation to the charges under the *Act*;
3. Two years' probation with the condition (in addition to statutory conditions) not to be employed in the travel industry, in any capacity;
4. Community Service of 50 hours in relation to the Criminal Code charges and 50 hours in relation to the charges under the *Act*, for a total of 100 hours.
5. Stand alone Restitution Orders for \$2,100 (relating to the charges under the *Act*) and \$63,322.47 (relating to the Criminal Code charges). ▲



HARD AT WORK

Last October, as part of TICO's Corporate Social Responsibility (CSR) efforts, a group of staff spent an afternoon helping sort and pack food at the Mississauga Food Bank. In total, they handled the equivalent of 5,215 meals! In December, the CSR committee organized a Christmas Food Drive at TICO's offices, which resulted in the donation of 130 lbs. of food to the Mississauga Food Bank. Both results easily justified the effort invested, making it a win-win for those in need in our local community, and for TICO.

Upcoming Issues

In future issues of **TICO TALK** we plan to include:

- Update on Legislative & Regulatory Review
- TICO's 20th Anniversary
- Trade Shows and upcoming events

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Travel Industry Council of Ontario

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TICO's Registrant CODE OF ETHICS

The Travel Industry Council of Ontario strives to provide a fair and informed marketplace for consumers. TICO strongly encourages all Ontario registrants to comply with the following Code of Ethics, which targets the values and principles of TICO's objectives.

- ➡ **Integrity:** Conduct our activities with honesty, dignity and fiscal responsibility, always protecting and promoting our clients' best interests.
- ➡ **Disclosure:** Communicate material facts to our clients by supplying accurate and complete information in a clear and understandable manner that assists consumers in making informed decisions in their choice of travel services.
- ➡ **Marketing:** Refrain from using any form of misleading advertising or innuendo in marketing products and services.
- ➡ **Cooperation:** Cooperate with any investigation/inquiry by the Registrar or staff of the Travel Industry Council of Ontario to resolve any problems or disputes as soon as possible.
- ➡ **Respect:** Treat all people with equality and respect.
- ➡ **Accountability:** Fulfill all contractual obligations promptly and completely. Respond to legitimate complaints immediately. Maintain accurate and complete records of all client transactions and safeguard consumer monies.
- ➡ **Compliance:** Abide by applicable laws and regulations and never knowingly do business with those who operate outside those laws. Registrants are required to ensure that all employees and other sellers of travel associated with the Registrant are conversant with all aspects of the *Travel Industry Act, 2002* and the Regulation, and are familiar with this Code of Ethics.
- ➡ **Competency:** Maintain responsibility for the competency of all staff.
- ➡ **Confidentiality:** Treat every client transaction confidentially. Do not disclose any information without a client's permission, unless required to do so by law.
- ➡ **Conflict of Interest:** Be responsible first to clients and a client's best interests. Any commercial gain and/or preferred relationships between a Registrant and suppliers will at all times be secondary. ▲