



TRAVEL INDUSTRY COUNCIL OF ONTARIO

A blue-tinted background image of an office. It shows a computer monitor, a keyboard, and several papers, including what appears to be a travel itinerary or business card, scattered on a desk.

2004 business plan





TRAVEL INDUSTRY COUNCIL OF ONTARIO

June 29, 2004

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

Dear Minister Watson:

On behalf of the Travel Industry Council of Ontario, we are pleased to submit our seventh Business Plan, which covers the three-year period from 2004 to 2007.

The past year has again been challenging for the travel sector. The precarious financial position of the airline industry has caused concern for travel businesses in the province. Fortunately, the industry has rebounded in the last year and the number of closures of travel agencies has not been as high as anticipated. Businesses have become more innovative to adapt to the changing marketplace.

As you are aware, an independent Marketplace Study was conducted in the fall of 2003 to identify gaps in consumer protection in the travel industry. Many of the issues highlighted in the Marketplace Study have contributed to the objectives in this Business Plan. Increased consumer and registrant education and awareness are high on TICO's list of objectives. With the increase in electronic commerce, consumers are increasingly exposed to solicitation from vendors outside of Ontario. It is important that consumers are educated about the benefits of dealing with an Ontario registered travel agent and the extent of the coverage offered by the Compensation Fund. It is also critical to ensure that there is consistency among travel sellers as to their knowledge about what consumer protection is offered and that this information is properly conveyed to consumers. TICO plans to develop and introduce minimum educational standards to ensure that all travel agents have a sound knowledge of the legislation governing their conduct so that they are better able to serve their clients.

Also, in keeping with the results of the Marketplace Study, TICO is committed to devoting time and energy to liaising with other jurisdictions to eliminate gaps in consumer protection. TICO will liaise with the federal and provincial governments to find a solution to the end supplier failure problem and to deal with advertising issues. As well, TICO will promote the benefits of having harmonized standards in the travel industry across Canada so that there is a consistent level of consumer protection.

During the next year, TICO will be very busy. If the Travel Industry Act, 2002 is proclaimed and the new regulations are approved by the government, there will be a lot of work to be done to implement the changes. TICO is also working on a new discipline process to more effectively deal with non-compliance issues. Many registrants have indicated concerns with the way in which the Compensation Fund is financed. TICO has established an Alternate Finance Committee, which over the next year will examine alternate sources of revenue for financing the Fund with the goal of finding a fairer method of assessing fund contributions in the future. In addition, TICO intends to develop an E-Commerce Code for Registrants Operating on the Internet and to implement a compliance program specifically targeted at monitoring registrants operating online. Finally, TICO plans to enhance its Board orientation program and to expand its ongoing Board education process to improve board governance. TICO conducted a Board Evaluation in the last fiscal year and TICO will be acting on some recommendations coming out of that evaluation.

With all of these initiatives on the agenda, it will no doubt be a busy and challenging year for TICO. We will continue to strive for excellence in achieving the mandate that has been delegated to us. We look forward to working with stakeholders to make this a productive and prosperous year.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard Vanderlubbe".

Richard Vanderlubbe
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 Ministry of Consumer and Business Services (MCBS) for administering the Travel Industry Act (the Act), which governs all of the approximately 2,900 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 7th year Business Plan which follows outlines:

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

For purposes of TICO, MCBS, the Act and this Business Plan, the following definitions apply:

- ▶ Registrant: a travel wholesaler (tour operator) or travel agent (retailer) who is registered in Ontario under the Travel Industry Act.
- ▶ Non-Registrant: an organization which supplies travel services, but is not registered in Ontario including (but not limited to):
 - wholesalers and retailers not located in Ontario

- companies which sell to clients in Ontario by means of advertising, the internet or toll-free phone line, but where the home base or call centre is not located in Ontario.
- end suppliers (e.g. airlines, hotels, rail services, cruiselines), which may or may not be located in Ontario.

MANDATE

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

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

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

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

MISSION, VISION AND VALUES

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 Regulation.
- ▶ Making consumers aware of the benefits of dealing with Ontario registrants.
- ▶ Enhancing industry professionalism.
- ▶ Providing consumer compensation and recourse in specific circumstances.
- ▶ Striving to ensure the Act and Regulation remain relevant to emerging issues.

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

- ▶ Consumers: to increase awareness of their own rights and responsibilities, and those of the Ontario travel industry under the Act.
- ▶ All registrants and industry associations: to harness their knowledge and commitment to ethical and open competition. The associations include:
 - The Canadian Association of Tour Operators (CATO)
 - The Association of Canadian Travel 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 and consumer inquiries.

Consumer Protection

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

Complaint Resolution

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

The process is outlined in more detail on page 4.

Government Liaison

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

Additional Responsibilities

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

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

THE ONTARIO TRAVEL INDUSTRY COMPENSATION FUND

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

TICO's COMPLAINT HANDLING PROCESS

Consumer-to-Registrant Complaints

TICO offers complaint handling for consumer-to-registrant disputes. After encouraging consumers to pursue all avenues with the registrant, TICO staff will assist with the goal of reaching a mutually acceptable solution. When a complaint involves allegations of non-compliance with the Act, the Registrar will undertake the necessary compliance and enforcement action. When a mutual solution is not reached, the consumer will be provided with information regarding options to further pursue matters.

Registrant-to-Registrant Complaints

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

Complaints Against TICO

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

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 TICO's Complaints Committee. TICO endeavors to resolve complaints within 45 days.

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

RESOURCES

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

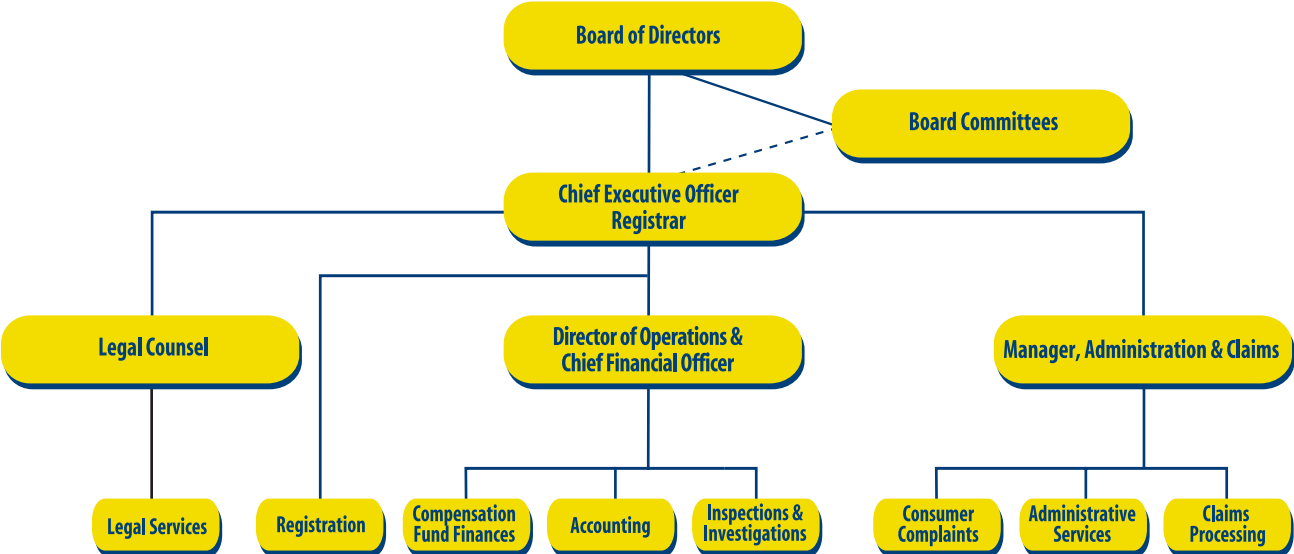
STRUCTURE

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

FRENCH LANGUAGE PLAN

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

TICO OPERATING STRUCTURE



TICO COMMITTEES

Committee	Mandate
Executive	<ul style="list-style-type: none"> ▶ Manage emergency issues on an ad hoc basis. ▶ Interim support for CEO between board meetings. ▶ Review of large closures. ▶ Make recommendations regarding composition of board committees. ▶ Conduct an annual review of the TICO Employee Code of Ethics.
Business Strategy	<ul style="list-style-type: none"> ▶ 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.
Complaints	<ul style="list-style-type: none"> ▶ 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.

TICO COMMITTEES



Committee	Mandate
Legislative & Regulatory Review	<ul style="list-style-type: none"> ▶ 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: ▶ Consulting with MCBS on policy and legal issues. ▶ Securing and managing stakeholder input. ▶ Working with MCBS to move the recommendations forward through the legislative process. ▶ Consider revision of the voluntary Registrant Code of Ethics in the event that TICO sets up a Discipline Committee and implements a system of administrative penalties. ▶ 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. Any requirements recommended should: <ul style="list-style-type: none"> – ensure there is a level of professionalism even if the business is being conducted outside the registrant's office; – raise industry standards; – ensure that consumer monies are protected; – ensure that consumers receive quality service; and – ensure that consumers are fully informed. ▶ Develop a Recommended Best Practices document to assist registrants and outside sales representatives.
Audit	<ul style="list-style-type: none"> ▶ Review internal controls operating throughout TICO. ▶ 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.
Minimum Standards	<ul style="list-style-type: none"> ▶ Determine what the minimum education standards should be for travel counsellors and supervisor/managers and identify the type of information that should be covered in the minimum standards curricula at each level. ▶ Oversee the development of the Minimum Standards Curricula including reviewing, testing and approving the curricula. ▶ Determine how the minimum educational 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. ▶ Develop a communications plan for minimum standards. ▶ Devise a plan to enforce the standards. ▶ Ensure the minimum educational standards are updated on a regular basis. ▶ Explore the feasibility of other educational initiatives.
Compensation Fund	<ul style="list-style-type: none"> ▶ Review and recommend to the Board the payment of claims in accordance with the <i>Travel Industry Act</i>. ▶ Review and monitor the status of appeals to the Licence Appeal Tribunal of 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.

TICO COMMITTEES



Committee	Mandate
E-Commerce	<ul style="list-style-type: none"> ▶ 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 any challenges posed by regulating the sale of travel services in an e-commerce environment and provide any 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.
Governance	<ul style="list-style-type: none"> ▶ Determine and articulate TICO's governance model. ▶ Clarify the Board's role, purpose, core values and responsibilities. ▶ Review current board member recruitment process and the election process. ▶ Set criteria for board member recruitment and selection. ▶ 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. ▶ Be responsible for policies in relation to corporate governance. ▶ Recommend any changes required to TICO's By-law in relation to governance issues.
Alternate Finance	<ul style="list-style-type: none"> ▶ Assess at what level the Fund should be maintained to ensure adequate protection for consumers. ▶ Reviewing who should be contributing to the Fund ▶ Determining a fair and workable method to assess contributions to the Fund ▶ Exploring 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 and consider steps that could be taken to reduce those risks ▶ Explore whether fee reductions could be used as an incentive to encourage registrants to meet higher standards and reward financially stable registrants ▶ Consider whether registrants should be required to pay into the Fund on sales where no commission is earned ▶ Consider whether registrants should be required to pay into the Fund if the transaction is not covered by the Fund ▶ Consider whether registrants should be required to pay for end supplier failures

BUSINESS OBJECTIVES ACHIEVED 2003/2004

Board Governance

- ▶ Developed and completed a self evaluation of the TICO Board of Directors.
- ▶ Developed a new Governance Committee Work Plan based on the results of the Board Evaluation. The Work Plan will focus on the following areas: Board member communication and orientation, Composition of the Board – selection, recruitment, retention and establishing a Consumer Advisory Council.
- ▶ Reviewed and enhanced TICO's Board of Directors Code of Conduct.
- ▶ Codified TICO's Election Policy to elect board members from the industry at large.
- ▶ Conducted a board member education session by holding a retreat in January 2004.
- ▶ Initiated work on developing a Consumer Advisory Council.
- ▶ Initiated work on enhancing board member orientation.

Legislative and Regulatory Review

- ▶ The Committee analyzed where changes may be beneficial to address emerging issues and consulted with the Ministry on those specific proposals.
- ▶ Consulted with the Ministry on specific legislative proposals for reform that required further input from TICO.
- ▶ Finalized a Communications Plan to communicate to all stakeholders and promote understanding of possible legislative and regulatory change to the Travel Industry Act and Regulation.
- ▶ Partnered with MCBS to complete a Market Place Study to identify gaps in consumer protection in the travel industry.
- ▶ Liaised with the government and met with the Minister, MCBS to discuss potential changes to the *Travel Industry Act* with respect to gaps in consumer protection and liability to registrants revealed in the Marketplace Study.

- ▶ Communications with the Provincial Government resulted in the Consumer Measures Committee committing to look at consumer protection issues, specifically end supplier failure coverage.
- ▶ Continued work on discipline process for non-compliance.
- ▶ Organized town hall meetings for the purpose of consulting with stakeholders on the *Travel Industry Act* draft Regulation.

E-Commerce

- ▶ Maintained TICO's website with timely information.
- ▶ Finalized informational literature to educate stakeholders on e-business.
- ▶ Continued the development of a specific compliance programme to monitor registrants operating on the Internet.
- ▶ Participated in a dialogue and facilitated travel sector participation in Federal Government Website Certification (Seal Programme) Pilot Project which resulted in an E-Commerce Canadian Code of Practice for Consumer Protection.

Minimum Standards

- ▶ Continued work on draft curriculum for Minimum Standards.

Privacy

- ▶ TICO reviewed its privacy policies and put a new policy in place in keeping with new Privacy legislation.

Liaise with other Jurisdictions to Eliminate Gaps in Consumer Protection

- ▶ Continued dialogue to put in place consumer protection measures with respect to end supplier failure at the federal level.
- ▶ Initiated discussions with MCBS regarding TICO pursuing other business ventures. This would allow TICO to explore business opportunities to export the TICO model beyond the scope of Ontario.

Explore Alternate Financing of the Compensation Fund

- ▶ Established an Alternate Finance Committee and Terms of Reference to explore alternate sources of financing the Compensation Fund. (e.g. user pay)

Operational

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

Communications

- ▶ Maintained TICO website and provided timely online information services to all TICO stakeholders.
- ▶ Continued to contact and liaise with provincial counterparts, Federal and Provincial Governments to continue the ongoing dialogue to garner support for a consumer protection plan with respect to airline failures at the Federal level.
- ▶ Maintained a Communications Plan for TICO stakeholders including internal communications to the Board of Directors and staff through orientation, meetings and policy manuals and participated in regular liaison meetings with the Ministry.
- ▶ Maintained an ongoing dialogue with Registrars and Regulators in other jurisdictions and self-managed Industries to share best practices.

- ▶ Provide a Business Plan to stakeholders.
- ▶ Continued distribution of a quarterly newsletter (TICO Talk) to all registrants.
- ▶ Continued to communicate and restate the TICO Registrant Code of Ethics.

Consumer Awareness Campaign

- ▶ Launched television and radio ad campaign promoting consumer awareness of TICO and the benefits of dealing with Ontario registrants.
- ▶ Developed new tag line for Consumer Awareness Campaign: "Look for the TICO sign when you book your travel time."
- ▶ Produced collateral materials for registrants to display and support TICO's Consumer Awareness Campaign.
- ▶ Conducted several speaking engagements and media interviews promoting consumer and industry awareness with consumer groups, travel schools, television, radio and newspaper media and Industry Associations.
- ▶ Participated at 9 consumer and industry trade shows during the last 12 months.

Development of TICO Database

- ▶ Continued enhancements on TICO's database to house all registrant information including, financial information, compensation fund contributions, claims on the Compensation Fund, complaints, inspections, investigations and prosecutions.

BUSINESS OBJECTIVES

ENVIRONMENT

The travel industry continues to face many challenges since September 11, 2001 and the subsequent failure of Canada 3000 Airlines. Those events led to many changes in the travel marketplace. Higher security requirements were put in place at airports around the globe and entry requirements are subject to frequent change. This has meant more inconvenience for travellers and more responsibility being placed on travel agents, who must advise consumers regarding the documentation needed for travel prior to sale. Businesses have had to be flexible and adapt to the changes in order to remain competitive and survive. The airline industry in Canada has been particularly hard hit. Low cost carriers have stepped forward to fill the gap in service left following the failure of Canada 3000 and have responded to consumer demand for an alternative to higher priced domestic air travel. Currently, the industry is facing the threatened demise of Air Canada.

The precarious state of the airline industry has been a cause for concern for travel agents and travel wholesalers, who may be held liability for a major airline failure because of the wording of Section 13 of the Travel Industry Act (TIA). Both retailers and wholesalers in the province have been actively lobbying the provincial and federal governments to make appropriate changes to legislation to respond to this situation. The provincial government, in partnership with TICO, commissioned an independent study on the gaps in consumer protection so it could ascertain the state of the industry and the need for reform. The study, which was completed in the fall of 2003 by the Bearing Point, concluded that there is no simple solution to the problems plaguing the travel industry. The report recognized the need to make changes to the legislation to eliminate liability to travel agents for end supplier failure.

In response to lobbying efforts, the provincial government has introduced Bill 70, the Ministry of Consumer and Business Services Statute Law Amendment Act, 2004, which proposes changes to the Travel Industry Act, 2002 to address the end supplier failure issue. In addition, the Marketplace

Study results are being used by the Consumer Measures Committee to explore a national solution to protect consumers in the event of the failure of an end supplier air carrier. The importance of this work cannot be underestimated.

Pending changes to the Travel Industry Act and Regulation would help to ensure current problems in the industry are more effectively addressed and that a fair and informed marketplace for consumers and businesses in Ontario is maintained but there is still a lot of work to be done. The development of minimum educational standards for registrants, the imposition of a discipline process, exploring alternate sources of financing the Compensation Fund and improving board governance will all be crucial to ensuring that TICO is responsive to the marketplace trends and has the tools it needs to fulfill its consumer protection mandate.

Current trends indicate that less business is being conducted through Global Distribution Systems (GDS's) and there is a shift to more business being conducted on the web. The challenge here is to educate consumers on the risks of not booking with a travel agent. TICO's consumer awareness campaign is aimed at encouraging consumers to book through travel agents to ensure they are protected by the provincial legislation and the Compensation Fund. With respect to electronic commerce, the federal government has finalized a Canadian Code of Practice for Consumer Protection in Electronic Commerce. The government is encouraging stakeholders to endorse the Code on a voluntary basis. TICO's E-Commerce Committee is looking at issues regarding operating on the web in response to this trend.

There is no doubt that the next year will be a busy one for the Board of Directors and staff at TICO. It remains to be seen what new challenges will arise in the year to come. What is clear is the industry needs to be prepared and needs to adapt and TICO will need to be prepared and adapt to ensure that consumers are protected whatever changes occur.

STRATEGIC PRIORITIES

As a result of the changing environment in the Industry, the TICO Board of Directors has set the following strategic priorities for the future. The Board considered short term, medium term and long range goals. The Business Objectives that TICO will focus on in this 3-year Business Plan are

listed below. TICO may also initiate some preliminary work on the objectives found in Horizons 2 and 3 over the next year. You will note that the latter Horizons are classified "0-5" and "0-10" to reflect this.

**HORIZON 1
(0-3 years)**

- Implement new Act and Regulation if proclaimed/ approved by the government and continue Legislative and Regulatory Review Process.
- Increase consumer and registrant education and awareness
- Develop Minimum Education Standards Board Governance
- Explore alternate sources of revenue to finance the Compensation Fund
- Develop and implement Discipline Process
- Liaise with other jurisdictions to eliminate gaps in consumer protection
- Develop E-Commerce Code for TICO and specific compliance program for e-business

**HORIZON 2
(0-5 years)**

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

**HORIZON 3
(0-10 years)**

- Explore self-regulation



BUSINESS OBJECTIVES FOR 2004/2005:

OBJECTIVE #1:

Implement the New Act and Regulation if Proclaimed/Approved by the Government and continue the Legislative and Regulatory Review Process

Performance Goals:

- ▶ Continue dialogue with the Ministry regarding proposed legislative and regulatory changes.
- ▶ Encourage dialogue with stakeholders with respect to draft Regulation released by MCBS for public comment.
- ▶ Implement any changes to the Act and Regulation.
- ▶ On an ongoing basis, review the Act and Regulation with a view to update and improve the current model.

Performance Measures for 2004/2005:

- ▶ Conduct town hall meetings regarding the draft Regulation that was released by the MCBS in various locations across the province so that stakeholders have an opportunity to ask questions and comment on the changes being proposed.
- ▶ Consider all feedback received regarding the draft Regulation and make a submission to MCBS regarding the draft.
- ▶ Work with the Ministry on specific proposals for reform that require further input from TICO.
- ▶ Revise TICO forms, documents, informational literature, internal policies and procedures as necessary in response to any legislative and regulatory changes.
- ▶ Conduct a consumer consultation regarding advertising practices and prices in the travel industry.

OBJECTIVE #2:

Increase Consumer and Registrant Education and Awareness

Performance Goals:

- ▶ Ensure all stakeholders are aware of any 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 2004/2005:

- ▶ Implement TICO's communications plan to advise all stakeholders as to any changes to the Travel Industry Act and Regulation.
- ▶ Continue radio and television campaign promoting the benefits of purchasing travel services from Ontario registrants.
- ▶ Encourage registrants to display collateral materials; for example, posters to support TICO's radio and television campaign.
- ▶ Participate at travel related consumer shows providing educational literature.
- ▶ TICO's CEO will give radio and television interviews to promote knowledge of TICO.
- ▶ Obtain editorial coverage and take out ads in the press aimed at promoting consumer awareness.

OBJECTIVE #3:

Develop Minimum Educational Standards

Performance Goals:

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

Performance Measures for 2004/2005:

- ▶ Finalize curricula for Minimum Education Standards for travel counselors and for supervisor/managers.
- ▶ Develop a plan for implementation of Minimum Education Standards.
- ▶ Establish a plan to enforce Minimum Education Standards.

- ▶ Devise a communications plan for Minimum Education Standards.

OBJECTIVE #4:

Board Governance

Performance Goals:

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

Performance Measures for 2004/2005:

- ▶ Communicate results of Board evaluation to stakeholders.
- ▶ Develop a plan for Board member recruitment/selection/retention.
- ▶ Develop new Board member orientation.
- ▶ Review Board communication systems.
- ▶ Review role, criteria and expectations of the Board Chair.
- ▶ Review size and composition of the TICO Board and Committees.
- ▶ Establish a Consumer Advisory Council.

OBJECTIVE #5:

Explore Alternate Sources of Revenue to Finance the Compensation Fund

Performance Goals:

- ▶ Assess appropriateness of criteria for Board composition and structure.
- ▶ Improve/enhance Board's understanding, knowledge and awareness of strategic long-term issues.
- ▶ Improve maturity of Board's decision making process.
- ▶ Assess effectiveness of Board recruitment/retention strategies.
- ▶ Continue investment in Board by increasing Board Member knowledge with education sessions etc.

- ▶ Conduct regular Board Evaluations to measure the impact of changes made and to ensure optimum Board performance.

Performance Measures for 2004/2005:

- ▶ Communicate results of Board evaluation to stakeholders.
- ▶ Develop a plan for Board member recruitment/selection/retention.
- ▶ Develop new Board member orientation.
- ▶ Review Board communication systems.
- ▶ Review role, criteria and expectations of the Board Chair.
- ▶ Review size and composition of the TICO Board and Committees.
- ▶ Establish a Consumer Advisory Council.

OBJECTIVE #6:

Develop and Implement Discipline Process

Performance Goals:

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

Performance Measures for 2004/2005:

- ▶ Draft new mandatory Code of Ethics.
- ▶ Develop and implement discipline process for non-compliance. This process will involve the assessment of monetary penalties for infractions.

OBJECTIVE #7:

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 2004/2005:

- ▶ Contact provincial counterparts to garner support for a consumer protection plan with respect to airline failures.
- ▶ Liaise with the federal and provincial governments to find a solution to the end supplier failure problem and with respect to advertising guidelines.
- ▶ Keep abreast of proposed changes to travel legislation in other provinces.
- ▶ Promote the benefits of having harmonized standards in the travel industry across Canada.
- ▶ Develop Policy and Guidelines for the establishment of Business Relationships for carrying out Non-Delegated Activities (Schedule "J" to Administrative Agreement). This would enable TICO to explore business opportunities to export the TICO model beyond the scope of Ontario.

OBJECTIVE #8:

Develop E-Commerce Code for TICO and Specific Compliance Program for E-Business

Performance Goals:

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

Performance Measures for 2004/2005:

- ▶ Distribute informational literature to educate stakeholders on e-business.
- ▶ Develop and distribute E-Commerce Code for registrants Operating on the Internet.
- ▶ Establish and implement a specific compliance program specifically targeted at monitoring registrants operating on the Internet.

It should be noted that a number of the Performance Measures listed for completion in 2004/2005 are contingent on the proposed legislative and regulatory changes being proclaimed/ approved by the Government.

CONTINUING PERFORMANCE MEASURES

In addition to the 8 Business Objectives for the year, 2004/2005, 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 2004/2005:

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 2004/2005:

- ▶ 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.

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 approval of claims resulting from registrant closures.
- ▶ Ensure consumer / registrant / employee information is properly safe-guarded in accordance with TICO's Privacy Policy and applicable legislation.
- ▶ Finalize a list of fees to be recovered from registrants in respect of services provided.
- ▶ Ongoing development of an effective and equitable system to ensure compliance.

Performance Measures for 2004/2005:

- ▶ Enhance TICO's Information Management System.

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

Communications and Government Liaison

Performance Goals:

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

Performance Measures for 2004/2005:

- ▶ Publish and distribute TICO Talk quarterly newsletter to registrants. Develop and distribute informational literature on various topics and distribute Industry Advisories and Registrar Bulletins to all stakeholders on significant and timely issues.
- ▶ Update and keep current TICO's website with information to benefit stakeholders such as Industry Advisories, Business Plan, Annual Report and the TICO Talk Newsletter.
- ▶ Continue to liaise with MCBS on issues that require TICO's input.
- ▶ Continue to communicate and restate Code of Ethics to all registrants. Update and keep current TICO's website with information to benefit stakeholders.
- ▶ Make available a Business Plan to all stakeholders by June 30, 2004.
- ▶ Work with the Ministry to finalize outstanding items on the Administrative agreement.

TICO REVENUE AND EXPENSE FORECAST

	Business Plan 2004/2005	Business Plan 2005/2006	Business Plan 2006/2007
Revenues			
Semi-Annual Assessments	\$2,785,000	\$2,000,000	\$2,000,000
Registration Fees	780,000	1,050,000	1,050,000
Interest	1,005,000	1,000,000	1,000,000
	<u>4,570,000</u>	<u>4,050,000</u>	<u>4,050,000</u>
Operating Expenses			
Compensation Fund Claims	3,040,000	1,140,000	1,140,000
Salaries & Benefits	1,092,000	1,125,000	1,158,000
Administration	950,000	978,000	1,007,000
Industry Initiatives	499,000	374,000	294,000
Inspections & Compliance	402,000	414,000	426,000
	<u>5,983,000</u>	<u>4,031,000</u>	<u>4,025,000</u>
Excess Receipts over Payments	(1,413,000)	19,000	25,000
Net Compensation Fund/TICO Assets beginning of period	<u>26,494,000</u>	<u>25,081,000</u>	<u>25,100,000</u>
Total Compensation Fund/TICO Assets	<u>\$25,081,000</u>	<u>\$25,100,000</u>	<u>\$25,125,000</u>
Compensation Fund/TICO Assets Breakdown			
Compensation Fund Asset	\$24,154,000	\$24,317,000	\$24,491,000
TICO Asset	<u>927,000</u>	<u>783,000</u>	<u>634,000</u>
	<u>\$25,081,000</u>	<u>\$25,100,000</u>	<u>\$25,125,000</u>

Notes:

1. Registration Fees are based on historical information over the past 5 years for 2004/2005. Annual renewals are expected to commence in April 2005 and are reflected accordingly.
2. Compensation Fund semi-annual assessments are based on .50/\$1000 for wholesale and .25/\$1000 for retail for 2004/2005. In 2005/2006 and 2006/2007, it is anticipated that there will be a rate reduction.
3. Compensation Fund claims are estimated at \$100,000 per month with recoveries of \$5,000 a month for 2004/2005 plus an allowance of \$2,000,000 for the Canada 3000 failure. For 2005/2006 and 2006/2007 net claims are estimated at \$1,140,000.

4. Industry Initiatives include the continuation of the Consumer Awareness Campaign, the implementation of the minimum education standards, administrative penalties and a consumer consultation regarding advertising.
5. Interest rates are assumed to be 4.0% per annum.
6. Projected revenues maybe significantly impacted by current economic factors affecting the travel industry.

TICO BOARD OF DIRECTORS 2003-2004

Industry Representatives

Richard Vanderlubbe - Chair
President
Travel Superstore Inc.
Hamilton

Jill Wykes – Vice Chair
Vice President Sales
Sunquest, Alba Tours,
The Holiday Network
Toronto

Mike Foster
President
Uniglobe Instant Travel
London

Nigel Jenkins*
President
Signature Vacations
Toronto

John Kennedy
Vice President
TravelPlus
Toronto

Mike Merrithew
President
Merit Travel Group
Toronto

Trish McTavish
Vice President
McTavish Travel
Oakville

Phil Sproul
Vice President, Sales
Air Canada Vacations
Mississauga

Scott Stewart
President
G. Stewart Travel Services Ltd.
Peterborough

Brett Walker
Operations Manager
Collette Tours Canada Ltd.
Mississauga

Kathleen Warren
Manager
Meconi Travel Agency Ltd.
Windsor

Ministerial Appointments

Sue Corke**
Deputy Minister
Ministry of Consumer and
Business Services
Toronto

W.H. Bruce Fraser, CA
Management Consultant
Toronto

Michael Janigan
Executive Director &
General Counsel
Public Interest Advocacy
Centre
Ottawa

Edward J. W. Warren, Q.C.
Solicitor
Warren & Jansen
Kemptville

Committee Chairs

Richard Vanderlubbe
Executive Committee

Jill Wykes
Business Strategy Committee

Edward J.W. Warren, Q.C.
Complaints Committee

Trish McTavish
Legislative & Regulatory
Review Committee

W.H. Bruce Fraser, CA
Audit Committee

Mike Foster
Minimum Standards
Committee

W.H. Bruce Fraser, CA
Compensation Fund
Committee
Richard Vanderlubbe
E-Commerce Committee

Mike Merrithew
Governance Committee

Officers

Richard Vanderlubbe
Chair

Jill Wykes
Vice Chair

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

Michael Pepper
Statutory Registrar,
Travel Industry Act

* resigned on May 10, 2004

** resigned on March 29, 2004



TRAVEL INDUSTRY COUNCIL OF ONTARIO

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