



Travel Industry Council of Ontario

BUSINESS PLAN

April 1, 2009 – March 31, 2012



Tokyo Japan

Paris France

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Travel Industry Council of Ontario

July 1, 2009

Honourable Ted McMeekin
Minister of Consumer Services
6th Floor, Mowat Block
900 Bay Street
Toronto ON M7A 1L2

Dear Minister McMeekin,

On behalf of the Travel Industry Council of Ontario (TICO), we are pleased to submit our twelfth Business Plan, which covers the period 2009 to 2012. Public relations with consumers, registrants and government are TICO's number one priority in this Business Plan. The state of the economy and consolidation in the travel industry has changed the business model of how travel services are being sold. In an uncertain economy and a time of change, TICO recognizes the importance of clear communication and messaging to provide direction and guidance to the industry, information and reassurance to the travelling public so that TICO and its government partners can meet the mission of maintaining a fair, safe and informed marketplace where consumers can be confident in their travel purchases.

TICO is constantly striving to improve its communications with stakeholders. During the past year, the global economic downturn resulted in too much capacity in the marketplace and increased economic pressures on travel businesses. The possibility of supplier failure is a concern to the public. It is important that TICO has a communication strategy in place in the event of a crisis so that consumers have accurate and timely information and know who to contact for assistance.

TICO's Consumer Awareness Campaign for the upcoming year will continue to encourage consumers to use the TICO website. The website will be enhanced with timely consumer friendly information. TICO will use a variety of media to reach its audience, including radio, closed captioning on television, targeted magazines and "pay-per-click" direction to TICO's website. To enhance understanding of the role of TICO, a video message will be created for the website that explains what TICO does and how consumers benefit from using the services of a TICO registered travel agency. TICO intends to partner with registrant travel agencies to get the message out to consumers.

As previously stated, there have been changes to the business model of how travel services are sold and shifts in the risks within the industry. As well, there are increased financial pressures being brought to bear by financial institutions on the travel industry. Increased demands for security or withholding of funds for a period of time are becoming increasingly common. Reviews of the Compensation Fund model and the business model of how travel services are being sold will be important priorities over the next year. It is important to ensure that there are not gaps in consumer protection, that the Compensation Fund and TICO are properly capitalized so the consumer protection mandate can be properly carried out and that the Act and Regulation provide meaningful consumer protection without posing an undue burden on business.

Once again, TICO has set high standards for the year ahead. The Board of Directors is aware of the many changes that are occurring in the global economy and is exploring ways to address new challenges and anticipate issues so that it can properly regulate the industry and be a leader in consumer protection. It is confident that it will continue to meet these challenges and provide leadership to the travel industry in Ontario.

A handwritten signature in black ink, appearing to read "Jill Wykes".

Jill Wykes
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 2,600 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 just 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.

The 12th 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 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, cruiseships), which may or may not be located in Ontario.

MANDATE

TICO's mandate is to support the Ministry of Consumer 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.



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

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

- Consumers: to increase awareness of their own rights and responsibilities, and those of the Ontario travel industry under the Act. In 2006, TICO established a Consumer Advisory Committee to increase consumer consultation and input and to enhance TICO's understanding of consumers needs as it relates to the travel industry.
- All Registrants and industry associations: to harness their knowledge and commitment to ethical and open competition. The associations include but are not limited to:
 - The Canadian Association of Tour Operators (CATO)
 - The Association of Canadian Travel 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 page 4.

Government Liaison

- Working closely with Ministry of Consumer 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 the 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 annual registration fees. In addition, the Compensation Fund is financed entirely by Ontario travel industry registrants through contributions based on sales revenue.

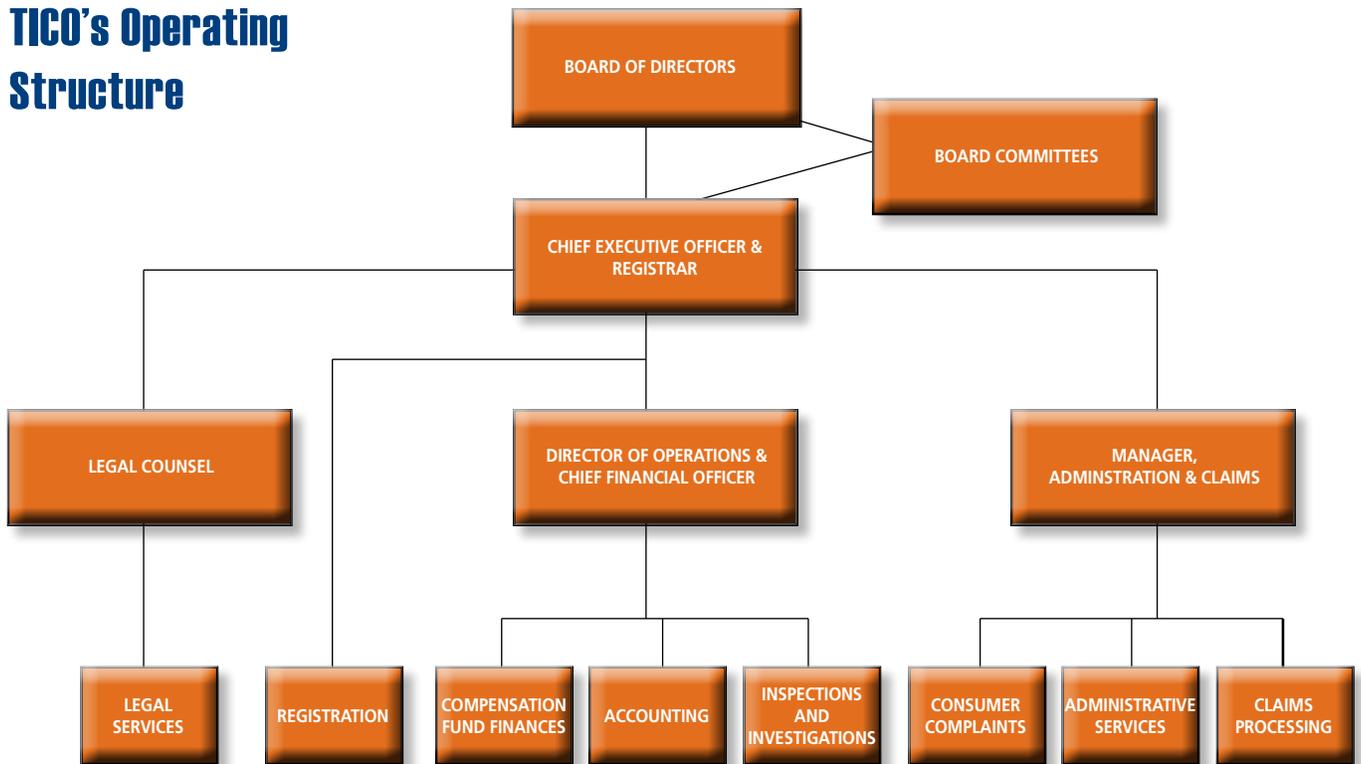
STRUCTURE

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

FRENCH LANGUAGE PLAN

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

TICO's Operating Structure



TICO Committees

EXECUTIVE COMMITTEE

(Chair: Jill Wykes)

- 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: Jeff Element)

- Review internal controls operating throughout TICO.
- Review the appropriateness of accounting policies and review any proposed changes in accounting practices or policies and the resulting financial statement impact.
- Review the audited annual financial statements and make recommendations with respect to their approval to the Board.

- Confer with TICO's auditors as required to discuss their examination into the financial affairs of TICO and receive all recommendations and explanations which TICO's auditors wish to place before the Committee.
- Make recommendations to the Board with respect to the appointment and remuneration of external auditors to be appointed at each AGM.
- Periodically, review TICO's investment firms and their fees.
- Review the investment policy on an annual basis.
- Review quarterly investment reports and detailed quarterly financial statements.
- Review and provide advice with respect to the budget prior to presentation to the Board.
- Review insurance coverage annually.

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: James Savary)

- 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: Patricia Jensen)

- Review and recommend to the Board the payment of claims in accordance with 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 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.

EDUCATION STANDARDS COMMITTEE

(Chair: Mike Foster)

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

LEGISLATIVE & REGULATORY

REVIEW COMMITTEE (Chair: Jill Wykes)

- Recommend legislative and regulatory reform necessary to achieve TICO's business objectives by:
 - Consulting with Ministry of Consumer Services on policy and legal issues.
 - Securing and managing stakeholder input.
 - Working with the Ministry of Consumer Services to move the recommendations forward through the legislative process.
- Develop a 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)

- Conduct an annual review and make recommendations regarding TICO's governance model, including the board's role, purpose, core values and responsibilities.
- Review and make recommendations regarding board member recruitment 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.
- Review and make recommendations on the Board Policy regarding election of Directors each year.
- Develop guidelines for candidate campaigns during the election process.
- Conduct an annual review of the Board of Directors Code of Conduct and recommend changes when appropriate.
- Annually review the Board and Committee Attendance Policy, which sets out TICO's expectations with respect to board and committee attendance and sets out the process for dealing with attendance problems and make recommendations if changes are required.
- Examine the issue of board member retention, including an annual review of board and committee member remuneration and recommend changes where appropriate.
- Review and make recommendations regarding TICO's Board Committee policies.
- Develop strategies to enhance board performance.
- Devise a set of basic performance benchmarks to measure board effectiveness.
- Develop a system for evaluating the board's performance.

- Communicate results of board evaluations.
- Review and recommend changes to TICO's Board Orientation Process.
- Consider ongoing board training initiatives.
- 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 COMMITTEE

(Chair: Jeff Element)

- 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 2008/2009

Enhance Public Relations with Registrants

- TICO's Communication Plan was reviewed and recommendations made to improve communications with registrants which included the creation of an online subscription to TICO's newsletter as well as providing web cast and webinars in future to extend TICO's reach to all stakeholders and increase Industry awareness and participation.
- TICO commenced work on creating an online subscription for the TICO Talk Newsletter to be live on its website by May 2009.
- TICO held three town hall meetings in the Fall of 2008 in Ottawa, London and Toronto. Presentations were provided to registrants on TICO's Consumer Awareness Campaign, TICO Education Standards and how registrants can profit from e-business. The town hall meetings also included question and answer period with the Travel Registrar to encourage feedback and dialogue with registrants.
- TICO included a report in its Jan-Mar 2009 issue of TICO Talk newsletter which highlighted the issues raised and the feedback received from registrants who attended the town hall meetings.
- The TICO Board of Directors reviewed a report detailing the feedback received from registrants who attended the town hall meetings. Issues raised included TICO enforcement measures for the legislated Education Standards requirement, turnaround time to receive exam results, TICO's enforcement and monitoring of advertisements in smaller community publications and issues surrounding consumer awareness as to the benefits of purchasing travel services from Ontario registrants. Feedback was noted by Board and TICO Management and will be considered going forward.

Develop Tools to Increase Effective Enforcement of the Legislation

- Submitted proposal to the former Ministry of Small Business and Consumer Services (now



Ministry of Consumer Services) with respect to the introduction of administrative penalties.

Review Registration Criteria for all Sellers of Travel to Ensure Consumer Protection

- Initial review of the registration criteria for all sellers of travel has resulted in a shift in focus for a broader review of the business model of how travel services are being sold.

Implement TICO Education Standards

- Monitored the performance of Education Standards exams by reviewing statistics including the number of individuals registered for the exam and the percentage of pass/fail marks to ensure that the Study manual and exams are performing well.
- The total number of exams completed as of March 31, 2009 was 6,743 made up of 6,083 Travel Counsellor exams, 322 Supervisor / Manager exams and 338 Combined Travel Counsellor & Supervisor/Manager exams.
- Identified any problematic or poorly performing exam questions and removed them from the exam bank to ensure that candidates were marked equitably.
- French versions of the TICO Study Manual, exams and Proctor's Guide were made available in December 2008.
- Ongoing communication to industry stakeholders provided by TICO via telephone

and email queries, updates to online FAQs, discussions at town hall meetings, editorial in trade press and information provided in the TICO Talk Newsletter.

- Plan development commenced for enforcement of Education Standards. Enforcement plan includes a letter to all registrants to verify Supervisor/Manager on record with TICO.
- Enhanced Proctor's Guide to provide clarity for individual who wish to Proctor an exam.

Review and Recommend Changes to the Travel Industry Act, 2002 and Ontario Regulation 26/05

- Submission provided to the former Ministry of Small Business and Consumer Services on various issues with proposed amendments.
- Reviewed the Act and Regulation to ascertain where changes may be beneficial to address emerging issues.
- Ongoing consultation with the Ministry conducted on specific proposals for legislative and regulatory change that require further input from TICO.

Introduce New Consumer Awareness Campaign

- Worked with media firm and developed a new consumer awareness campaign strategy including new messaging to promote a better understanding of TICO.
- Introduced new TICO logo with a more consumer friendly look. Logo incorporates TICO's website address to encourage consumer awareness by increasing traffic to website for TICO message.
- TICO website redesigned and enhanced to support new consumer awareness campaign and to disseminate TICO message for the purpose of increasing awareness.
- TICO website enhancements includes a Consumer Awareness Campaign Tool Kit for registrants which includes downloadable collateral items to support the Campaign such as a newly designed TICO Logo, window decal image, four web banners ads, e-ticket stuffer, sample wording for registrant collateral materials and TICO's four television commercials.

- Consumer Awareness Campaign strategy included various forms of media to extend the reach to consumers throughout Ontario including television ads, streetcar wraps, web banner ads, editorial coverage in various publications and television and radio interviews.
- Newly designed window decals and promotional pamphlet was sent to all registrants promoting the benefits of supporting TICO's new Consumer Awareness Campaign.
- TICO participated at eight 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.
- Designed and displayed new trade show booth to include new TICO logo, images and messaging used in TICO's new Consumer Awareness Campaign.
- Updated and re-designed all TICO consumer and industry informational materials to include new TICO logo and mirror the images and messaging used in TICO's new Consumer Awareness Campaign.
- Conducted 33 media interviews promoting knowledge and awareness of TICO.
- Obtained television coverage promoting TICO's Consumer Awareness Campaign as well as editorial in ethnic and community newspapers. Advertised in Horizon Magazine and placed web banner ads on the Internet promoting TICO's Consumer Awareness Campaign.
- Online omnibus survey conducted to obtain baseline statistics on awareness prior to commencement of TICO's new Consumer Awareness Campaign. Online Omnibus survey conducted at the end of the media run for the Campaign to measure success. Awareness of TICO increased by 6%, from 25% in 2008 to 31% in 2009.

Continue to Explore Alternate Methods of Financing the Compensation Fund and TICO

- Extensive review conducted of compensation and regulatory models in several jurisdictions that have travel industry consumer protection.

- Alternate Finance Committee is reviewing the current coverage under the Compensation Fund and exploring opportunities to expand coverage.
- Alternate Finance Committee has reviewed the issues surrounding credit card payments for consumers and suppliers and the affect on the Compensation Fund coverage.

Maintain and Improve Operational Efficiency

- TICO Policy and Procedures Manual was reviewed and updated to take account of any changes.
- TICO Personnel Manual was updated.
- Enhancements to TICO information management and operating system performed on a continual basis as required.
- Distributed 180 Claim Surveys and 342 Complaint Surveys to consumers to assess TICO's operational effectiveness in the area of claims processing and complaint handling.
- During 2008/09 fiscal year, TICO processed 366 claims resulting in \$357,648 in claims against the Compensation Fund.
- During the 2008/09 fiscal year, TICO processed 342 complaints and assisted consumers in receiving \$114,568 in restitution.
- Continued work on the development of the Disaster Plan. Maintained back-up of TICO's internal Information Management Systems and stored tapes offsite for purpose of recovery in the event of a disaster.
- Met the terms of the Administrative Agreement by maintaining operations and systems for effectively administering the terms of reference of TICO's mandate with the Ministry.
- Number of compliance files outstanding at the end of the year was reduced by 40% from the prior year.
- Form 1 process was reviewed for the purpose of aligning payments with annual registration renewals and an outline of procedures required to implement the change was completed.
- Drafted a schedule of fees on a cost recovery basis for services provided by TICO.

Communications and Government Liaison

- Continued to provide industry with information on timely and important industry issues via 36 press releases, Industry Advisories, Registrar Bulletins, TICO Talk newsletter and by conducting 3 town hall meetings.
- Prepared and distributed a quarterly newsletter (TICO Talk) to all registrants which included information on timely and significant issues to industry.
- TICO website maintained and kept up to date with timely information for the benefit of all stakeholders. Information provided included communication items such as FAQ's on Education Standards, press releases, industry advisories, closure advisories, Registrar Bulletins, TICO Talk Newsletter, Business Plan, Annual Reports and other information items.
- TICO website enhanced to include Registration Tool Kit for all registrants as a resource for all TICO downloadable forms, guidelines and legislation.
- TICO continued to liaise with the Ministry on issues that require TICO's input and participated in regular liaison meetings.
- Participated in Ministry hosted quarterly meetings for all Delegated Administrative Authorities to attend and exchange information.
- Submitted performance measures to the Ministry on a quarterly basis. Presentation of performance measures was revised to provide more effective information.
- Communicated and restated TICO's Voluntary Code of Ethics for registrants on TICO's website and TICO Talk newsletter.
- Distributed and made available on TICO website TICO's annual Business Plan for 2008-2011 to all stakeholders on June 24, 2008.

Business Objectives

ENVIRONMENT

Many factors during the past 12 months have had a negative impact on the travel industry. The cost of oil reached record levels in mid 2008. Then, the cost of oil plummeted and inclusive tour charter (“ITC”) operators and airlines who had hedged their costs ended up paying more for oil. The drop in fuel prices and commodities also had an adverse impact on the Canadian dollar, with the US dollar gaining strength. Some ITC operators used a par US dollar for their winter product and were suddenly faced with a 25% increase as the greenback gained strength. Further, recessionary pressures have led to lower consumer demand for travel.

In addition, there has been overcapacity in the leisure market in Canada, with an abundance of air seats in the marketplace. This has compounded the problem by driving prices down. With the recession slowing demand for travel, some ITC operators chose to sell for less than cost in order to fill seats and minimize their risk. While consumers may welcome the lower costs, it creates an expectation that such prices are normal. Consumers may wait longer before booking a trip in order to take advantage of lower prices.

If this were not enough bad news, the credit crunch has hit the leisure industry even harder, with tour operators being placed in the same risk category as airlines. Credit card processors and banks are demanding high levels of security from merchant credit card customers in the travel industry, or withholding monies to cover their own risk.

Overcapacity and price wars among the major tour operators, scheduled airlines entering the leisure market and offering highly discounted fares, the rising cost of processing travel related transactions and the challenges associated with the flow of credit

card payments were all cited as major causes of the recent failure of Ontario based Conquest Vacations. Conquest was among the last of the smaller independent tour operators prior to its closure. Consolidation in the wholesale leisure market over the last fifteen years has significantly changed the business model and the look of the industry today.

There are now five large tour operators competing for the bulk of the leisure package-tour market in Canada. This has significantly increased the risk for provincial regulators in the event that a large operator was to fail. Balancing the public interest and increased risk to consumers has now become a national, if not global issue, with demands for reform and improved mechanisms to ensure consumer protection levels are appropriately maintained.

As scheduled carriers enter the discounted airfare market, agents are again selling more foreign independent tours (“FIT” travel). This trend from the British ITC model to a more American FIT model will need to be considered when evaluating further risk exposure to the Compensation Fund.

TICO’s strategic priorities in this business plan take into account the direction that the leisure market has taken and is looking at improvements including the creation of new partnerships with other provincial jurisdictions, the federal government and major industry stakeholders with the goal of achieving stability in the marketplace and instilling confidence in the travelling public. TICO is continuing its Consumer Awareness Campaign, now in its 10th year, reaching out to consumers with an important message. Its goal is to instil confidence in consumers and encourage them to use the services of a TICO registered travel agency, all of whom are now required to meet minimum education standards.



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)

Enhance public relations with consumers, registrants and government.

Review Compensation Fund model.

Review the business model of how travel services are being sold.

Explore and implement environmentally friendly initiatives within TICO operations.

Review and recommend changes to the *Travel Industry Act, 2002* and *Ontario Regulation 26/05*

HORIZON 2 (0-5 years)

Take a lead role in promoting harmonized standards with other industry stakeholders, provincial jurisdictions and with the federal government in the travel industry to eliminate gaps in consumer protection.

Participate in promoting and establishing a national travel compensation fund with other stakeholders to protect consumers across Canada.

HORIZON 3 (0-10 years)

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

Explore self-regulation.

Business Objectives for 2009/2010:

OBJECTIVE #1:

Enhance Public Relations with Consumers, Registrants and Government

Performance Goal:

- Ensure communications with stakeholders is simple, clear and transparent to assist with understanding of TICO's role and responsibilities.

Performance Measures for 2009/2010:

- Develop communication plan for crisis situations.
- Conduct three town hall meetings in person or via webinar to provide information and encourage feedback.
- Utilize Consumer Awareness Campaign and public relations strategies to promote and increase understanding and awareness of TICO with stakeholders between 15% - 20%.
- Review current methods to obtain feedback about TICO from stakeholders to determine opportunities to increase the response rate.
- Provide more information on TICO's website for consumers.

OBJECTIVE #2:

Review of Compensation Fund Model

Performance Goal:

- Ensure that consumers are adequately protected and that the protection is equitable to all eligible claimants.

Performance Measures for 2009/2010:

- Review current coverage available under the Compensation Fund and determine any gaps in coverage and explore opportunities to expand coverage.
- Review the level of the Compensation Fund required in order to provide expanded coverage.
- Consult with stakeholders on opportunities to expand coverage and funding options.

OBJECTIVE #3:

Review the Business Model of How Travel Services are being Sold

Performance Goal:

- Ensure that Ontario *Travel Industry Act, 2002* and Ontario Regulation 26/05 provisions adequately regulate the industry in light of changes to business models so that consumers are protected.

Performance Measures for 2009/2010:

- Determine how the business model has changed taking into consideration factors such as the Internet, home-based/outside sales representatives and the consolidation of the Industry.
- Assess whether any gaps in consumer protection exists as a result of the review of the business model.
- Determine if there are opportunities to close the gaps through legislative, regulatory and/or policy changes.
- Make recommendations to ensure appropriate consumer protection measures are in place.

OBJECTIVE #4:

Explore and Implement Environmentally Friendly Initiatives within TICO Operations

Performance Goal:

- Ensure TICO is environmentally conscience in its operations.

Performance Measures for 2009/2010:

- Review TICO operations to identify opportunities to reduce consumption of non-renewable resources.
- Perform office waste/recycling audit.
- Convert to "green" cleaning products in office.
- Convert to "eco" office supplies where possible.
- Reduce hard copies of travel magazines/trade press received by TICO and resort to electronic option.
- Document current recycling practices.

OBJECTIVE #5:

Review and Recommend Changes to the *Travel Industry Act, 2002* and Ontario Regulation 26/05

Performance Goal:

- Enhance the effectiveness of the Regulation's high level of consumer protection, ensuring that the requirements are achievable by registrants.

Performance Measures for 2009/2010:

- 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.



Continuing Performance Measures

In addition to the five Business Objectives for the year, 2009/2010, 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 2009/2010:

Maintain and Improve Operational Efficiency

Performance Goal:

- Ensure TICO operations are efficient and cost effective to meet the needs of all stakeholders.

Performance Measures for 2009/2010:

- Maintain and monitor performance of TICO Education Standards Programme including ongoing compliance and updating of content of the Study Manual and exam questions.
- Review TICO's procedures and make amendments to policies.
- Efficient and timely processing and approval of claims resulting from Registrant closures.
- Efficient and timely processing of consumer complaints.
- Ensure that compliance process procedures are efficient and timely.
- 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 including incorporate changes to TICO's database to allow for alignment of Form 1 payments with annual registration renewals.

Communications and Government Liaison

Performance Goals:

- Maintain good communications with stakeholders and government.

Performance Measures for 2009/2010:

- Maintain and regularly update TICO's website.
- 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.
- Continue to liaise with Ministry of Consumer Services on issues that are sensitive to government and issues which require TICO's input.
- Continue to communicate and restate TICO's Voluntary Code of Ethics to all Registrants.
- Make available a Business Plan to all stakeholders by June 30, 2009.
- Work with the Ministry to finalize outstanding items in the Administrative Agreement.

TICO Revenue And Expense Forecast

	Business Plan 2009/2010	Business Plan 2010/2011	Business Plan 2011/2012
REVENUES			
Semi-Annual Assessments	\$ 595,000	\$ 3,125,000	\$ 3,125,000
New Registrations	183,000	200,000	200,000
Renewals	807,000	1,150,000	1,150,000
Interest	895,000	865,000	903,000
	<u>\$ 2,480,000</u>	<u>\$ 5,340,000</u>	<u>\$ 5,378,000</u>
OPERATING EXPENSES			
Compensation Fund Claims	3,640,000	640,000	640,000
Salaries & Benefits	1,545,000	1,560,000	1,575,000
Administration	982,000	990,000	1,010,000
Industry Initiatives	667,500	550,000	550,000
Inspections & Compliance	480,000	485,000	490,000
	<u>7,314,500</u>	<u>4,225,000</u>	<u>4,265,000</u>
Excess Receipts over Payments	(4,834,500)	1,115,000	1,113,000
Net Compensation Fund/TICO Assets beginning of period	<u>29,552,500</u>	<u>24,718,000</u>	<u>25,833,000</u>
Total Compensation Fund/TICO Assets	<u>24,718,000</u>	<u>25,833,000</u>	<u>26,946,000</u>
COMPENSATION FUND/TICO ASSETS BREAKDOWN			
Compensation Fund Asset	24,533,000	25,672,000	26,794,000
TICO Asset	185,000	161,000	152,000
	<u>\$ 24,718,000</u>	<u>\$ 25,833,000</u>	<u>\$ 26,946,000</u>

Notes:

1. Compensation Fund Assessments assume that the rate is .05 per \$1,000 of sales in 2009/2010, in 2010/2011 the rates are assumed to rise to .30 per \$1,000 of sales for both retail and wholesale sales to maintain the Compensation Fund at \$25 million. Consultation with stakeholders to take place prior to implementation.
2. Registration Fees based on current rates for 2009/2010, in 2010/2011 renewal fees will be adjusted in order to stabilize the TICO asset which has been declining.
3. Claims in 2009/2010 include an allowance for the Conquest Vacations closure.
4. Interest assumed to be 3.5% per annum.
5. Industry Initiatives include in 2009/2010 Consumer Awareness Campaign \$500,000, \$47,500 for Education Standards, \$20,000 for Consumer Advisory Committee, \$50,000 for the Regulatory Reform, \$50,000 Review of One Step Travel.
For 2010/2011 Consumer Awareness Campaign \$500,000, \$20,000 for Consumer Advisory Committee and \$30,000 Education Standards. For 2011/2012 Consumer Awareness Campaign \$500,000, \$20,000 for Consumer Advisory Committee and \$30,000 Education Standards.
6. The projections assume that the cost of the Consumer Awareness Campaign is split between TICO and the Compensation Fund on the 45% / 55% split and the cost of the Review of One Step Travel will be expensed to the Compensation Fund.

TICO Board Of Directors 2009-10

Industry Representatives

Jill Wykes - Chair
Senior Vice President Operations
Thomas Cook Canada
Toronto, ON

Mike Foster – Vice Chair
President
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Flight Centre
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Jeff Element
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Travel Corporation Canada
Toronto, ON

Denise Heffron
Vice President Commercial
Transat Holidays
Etobicoke, ON

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Toronto, ON

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Vice President
The Travel Network
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Richard Vanderlubbe****
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Hamilton, ON

Brett Walker
Operations Manager
Collette Tours
Mississauga, ON

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

Ministerial Appointments

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Director - Sector Liaison
Ministry of Small Business and
Consumer Services
Toronto, ON

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

Patricia Jensen
Board Member
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Toronto, ON

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Ex Officio

Michael Pepper
President & CEO
Travel Industry Council of Ontario
Toronto

Committee Chairs

Jill Wykes
Executive Committee
Legislative & Regulatory Review
Committee

Jeff Element
Audit Committee
Alternate Finance Committee

Mike Foster
Education Standards Committee

Denise Heffron
E-Commerce Committee

Patricia Jensen
Compensation Fund Committee

James Savary
Complaints Committee

Scott Stewart
Business Strategy Committee

Brett Walker
Governance Committee

Michael Pepper
Consumer Advisory Committee

* Resigned June 17'09

** Resigned July 21'08

*** Removed February 24'09

**** Appointed September 1'09

***** Appointment expired January 31'09

***** Appointment expired December 14'08

***** Appointed May 11'09



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