



TRAVEL INDUSTRY COUNCIL OF ONTARIO

Business Plan

JANUARY 1998

December 10, 1997

Honourable David H. Tsubouchi
Minister of Consumer and Commercial Relations
250 Yonge Street
Toronto, Ontario
M5B 2N5

On behalf of the Travel Industry Council of Ontario, we are pleased to submit this first business plan.

The travel industry is evolving rapidly in response to a variety of factors including new technology and the public's ever increasing appetite for global travel. This business plan presents the services, programs and statutory duties TICO has undertaken to protect the consumer in this emerging environment. It also outlines the new initiatives TICO proposes to launch in anticipation of future industry trends. The plan establishes the mission and values within which TICO will operate, it establishes the vision for what TICO wants to achieve and it defines the measures by which TICO's performance can be judged.

TICO's mission is "To promote a fair and informed marketplace where consumers can be confident in their travel purchases." Self-management affords TICO new and wide-ranging opportunities to achieve this mission while providing service excellence to consumers, registrants and to government itself. TICO's Board, staff and management are eager and confident of our ability to deliver quantifiable results to all our stakeholders.

Sincerely,



Frank Dennis
Chair, Board of Directors



Michael Pepper
President and CEO

General Overview

On June 25, 1997, the Travel Industry Council of Ontario (TICO) was delegated to take responsibility from the Ministry of Consumer and Commercial Relations (MCCR) for administering the Travel Industry Act (the Act), which governs all of the approximately 3,000 travel retailers and wholesalers registered in Ontario and The Ontario Travel Industry Compensation Fund Corporation (the Compensation Fund).

In assuming this commission, TICO has 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 Business Plan which follows outlines:

- The specific objectives, actions and performance measures for accomplishing the agenda in the 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 will be measured.

For purposes of TICO, MCCR, the Travel Industry Act and this Business Plan, the following definitions apply:

- *Registrant*: a travel wholesaler (tour operator) or travel agent (retailer) who is registered in Ontario.
- *Non-registrant*: an organization which supplies travel services, but is not registered in Ontario including (but not limited to):
 - wholesalers and retailers not located in Ontario
 - companies which sell to clients in Ontario by means of advertising, the

internet or toll-free phone line, but where the home base or call centre is not located in Ontario

- end suppliers (e.g. airlines, hotels, rail services, cruise lines), which may or may not be located in Ontario.

Mandate

TICO's mandate is to support the Ministry of Consumer and Commercial Relations' 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/certification as a criterion for registration
- Encouraging legislative and regulatory amendments aimed at enhancing industry professionalism and consumer confidence.

Clients

While all TICO activities are focused on consumer protection, its clients are 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 regulations are 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 Agents - Ontario (ACTA - Ontario)
 - The Canadian Institute of Travel Counsellors of Ontario (CITC - Ontario)
 - 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, compliance with financial criteria under the Act and regulations
 - supervisor/manager qualifications
 - other compliance issues (e.g. advertising standards)
 - registrant and consumer inquiries.

Consumer Protection

- Administering the Compensation Fund
- Inspection:
 - financial reviews of registrants to minimize risk to consumers
 - compliance 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 found
- Investigation: 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 registrants when related to the Act
 - between consumers and TICO
 - between registrants and TICO
- Where complaints have not been resolved, advising each party of their rights and responsibilities under the Act.

Government Liaison

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

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

- Consumer education and awareness
- Industry education.

TICO will evaluate:

- Industry certification
- The development of mediation and alternative dispute resolution processes. TICO's goal is a mechanism that is simple, low cost, accessible, speedy and fair.

Resources

TICO is a not-for-profit corporation wholly financed by the Ontario-registered travel agencies and wholesalers through bi-annual registration fees. In addition, the Compensation Fund, a not-for-profit corporation, is funded 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 long range objectives. To date, seven committees have been established, as illustrated in the table on the following page.

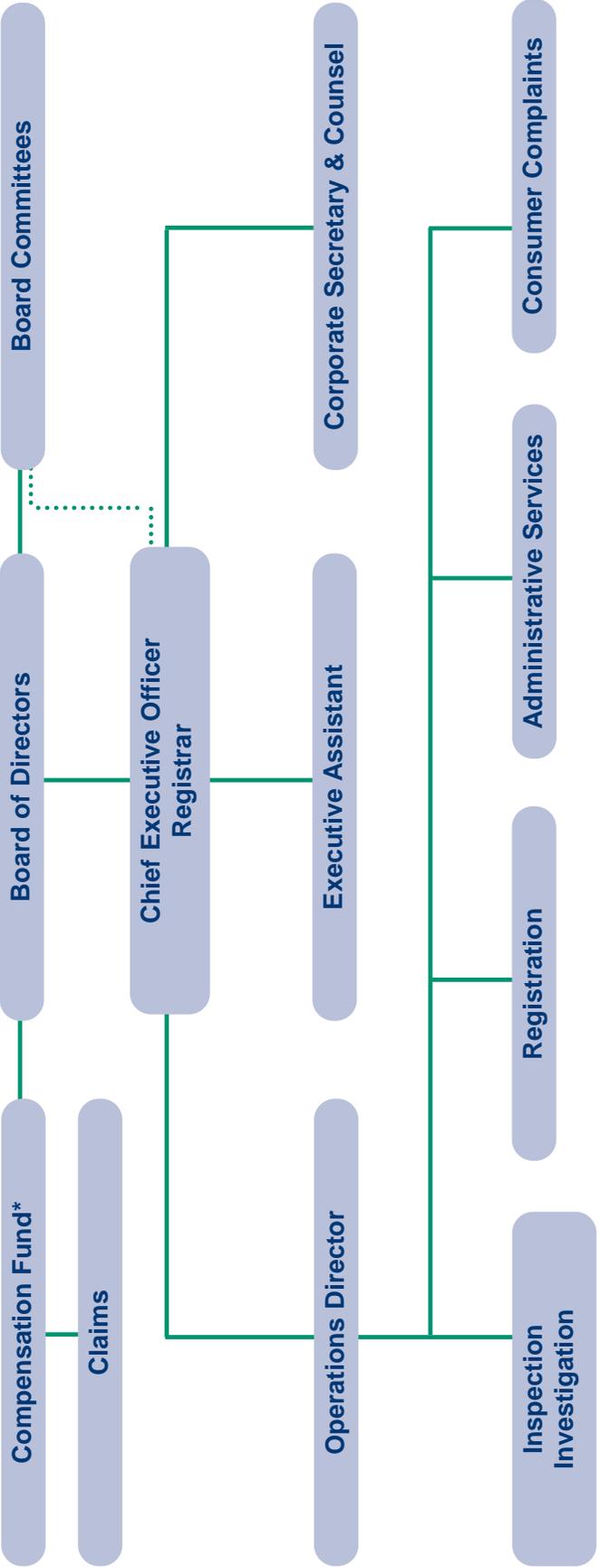
The Ontario Travel Industry Compensation Fund

The Compensation Fund exists to protect consumers who purchase travel services from registrants, in the event of a registrant's financial failure.

TICO Committees

Committee	Key Issues
Executive	<ul style="list-style-type: none">• Establish policies on governance, by-laws and membership• Manage emergency issues
Administrative	<ul style="list-style-type: none">• Develop operational policies (e.g. financial, human resources)• Develop budget and financial reporting systems• Oversee systems and technology issues• Design integrated organizational structure
Business Strategy	<ul style="list-style-type: none">• Develop TICO's mission, vision, business strategy and objectives• Produce TICO's Business Plan• Develop business policies on key areas of TICO authority (e.g. misleading advertising, financial compliance, education and training)• Refer issues for legislative and regulatory review
Ethics	<ul style="list-style-type: none">• Develop and communicate a Code of Ethics• Administer the Code
Consumer Complaints	<ul style="list-style-type: none">• Develop and administer policy on complaints by consumers against registrants and against TICO
Legislative & Regulatory Review	<ul style="list-style-type: none">• Achieve regulatory and legislative reform necessary to achieve TICO's business objectives, as established by the Business Strategy Committee in TICO Business Plans by:<ul style="list-style-type: none">• consulting with MCCR on policy and legal issues• securing and managing stakeholder input• working with MCCR to shepherd through the legislative process
Audit Committee	<ul style="list-style-type: none">• Establish policies on financial matters• Recommend approval of financial statements to the Board of Directors

TICO Operating Structure



- Inspection
- Investigation
- Compliance
- Enforcement

- Processing of new applications and renewals including approval and denial

- Clerical and administrative services

- Consumer complaints
- Mediation and resolution

* Compensation fund and TICO fund staff are integrated

Mission, Vision and Values

TICO's Mission

TICO's founding Board has established a mission that tells 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 promoter and enforcer of good business ethics
- An advocate for 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.

Business Objectives

Programs and Services

The following reflects TICO's business objectives by major program area for its initial three-year period.

Registration and Administration

- Complete Business Plan and update annually
- Establish operations and systems to meet terms and references of the Administrative Agreement
- Review the registration process and fee schedules to reduce administrative burden on TICO and registrants.

Monitoring and Compliance

- Develop an effective and equitable system to ensure compliance
- Develop a Code of Ethics to apply to all registrants.

Industry Education and Certification

- Establish minimum performance standards for registrants and their representatives
- Review and recommend amendments to registration criteria to address business risk.

Consumer Education and Protection

- Introduce complaint resolution processes
- Present a new model for consumer protection
- Ensure advertising complies with regulations
- Develop a communications plan for TICO stakeholders
- Ensure consumers and registrants are aware of the benefits of dealing with Ontario registrants.

Special Projects/Legislative Initiatives

- Amalgamate the Travel Industry Compensation Fund with TICO
- Review Travel Industry Act legislation and regulations to meet the current and anticipated environment
- Establish an ongoing dialogue with counterparts in other jurisdictions and self-managed industries to share best practices.

TICO Plan for Handling Complaints

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 activities. 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. TICO proposes to maintain this approach in the immediate future until all complaint handling procedures can be reviewed.

Complaints Against TICO

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

The Consumer 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 Commercial Registration Appeals Tribunal.

Complaints may be submitted by phone, fax or mail. TICO undertakes to provide a response to the complainant within 30 days.

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

French Language Plan

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

Performance Measures

BUSINESS OBJECTIVE	SHORT-TERM ACTIONS *	MEDIUM-TERM ACTIONS	LONG-TERM ACTIONS	PERFORMANCE MEASURE
Complete Business Plan and update annually	Draft, discuss, decide, receive Board approval, implement	Ensure members are comfortable with plan and process Develop feedback mechanism	Ensure Business Plan remains relevant to marketplace	Business Plan completed and approved by Minister
Establish operations and systems to meet terms and references of the Administrative Agreement	Hire staff Develop human resources policies Implement systems for: transition, finance, information management, registration, financial inspections, database, asset management Design integrated organizational and service delivery structure Establish performance standards Assume delegated responsibilities including direct responsibility for the Compensation Fund			Terms of Administrative Agreement satisfied Smooth operational transition with no interruption of service to consumers or registrants
Review registration process and fee schedules to reduce administrative burden on TICO and registrants	Contain registration, financial information and registrant contributions to Compensation Fund in one database Commence streamlining all data into one system Begin changing renewal process to correspond with year-ends of registrants	Revised system fully implemented Complete project Complete project	Review	Improved turnaround times for new applications and renewals Reduction in processing costs to TICO and registrants Elimination of areas of duplication in processing
Develop an effective and equitable system to ensure compliance	Produce summary checklist of regulations as a communications piece for registrants Enforce regulations	Identify common non-compliance areas and reasons for non-compliance	Review	Increased understanding of regulations by registrants Increase in preventative actions related to non-compliance Notable increase in adherence, with fewer charges being laid for non-compliance

* Short-Term = first 12 months, Medium-Term = 12-24 months, Long-Term = 24+ months

BUSINESS OBJECTIVE	SHORT-TERM ACTIONS *	MEDIUM-TERM ACTIONS	LONG-TERM ACTIONS	PERFORMANCE MEASURE
Develop a Code of Ethics to apply to all registrants	<p>Review what other jurisdictions and industries are doing</p> <p>Review existing travel industry codes of conduct</p> <p>Develop a Code of Ethics that establishes expectations for registrants on fair and ethical business practice that is:</p> <ul style="list-style-type: none"> • customer-driven • simple to understand • flexible to accommodate an evolving marketplace <p>Communicate the Code to registrants</p>	<p>Monitor and ensure compliance with the Code</p> <p>Educate members on the Code</p> <p>Develop appropriate penalties</p>	<p>Further education</p> <p>Ongoing enhancements to the Code</p>	<p>Implementation of Code consistent with legislation</p> <p>Penalties imposed for non-compliance</p> <p>Professionalism enhanced and performance standards raised</p>
Establish minimum performance standards for registrants and their representatives	<p>Communicate current requirements in plain language</p> <p>Enforce the existing Act and regulations</p>	<p>Review the issues of registering travel counsellors and outside salespersons</p>	<p>Raise standards</p>	<p>Better understanding of existing requirements by registrants and their representatives</p> <p>Increased professionalism at all levels of industry</p> <p>Fewer complaints</p>
Review and recommend amendments to registration criteria to address business risk	<p>Review other jurisdictions, particularly British Columbia, Quebec, Australia and U.K.</p> <p>Review the work of other regulatory bodies</p> <p>Assess possible scenarios</p>	<p>Develop recommendations based on best practices and methods of protection</p> <p>Propose regulatory changes</p> <p>Implement</p>	<p>Ongoing review and necessary updating</p>	<p>Best practices reviewed</p> <p>Recommendations developed and proposed</p> <p>Recommendations implemented</p> <p>Fewer business failures and fewer claims on Compensation Fund</p>
Introduce complaint resolution process	<p>Establish committee</p> <p>Develop and implement process for complaints against TICO</p> <p>Define processes for resolving complaints against registrants</p>	<p>Review replacement for present appeals mechanism</p>	<p>Implement revised appeals process, if appropriate</p>	<p>Committee established</p> <p>Process determined, implemented and publicized</p> <p>Reduction in complaint resolution turnaround time</p>
Present a new model for consumer protection		<p>Evaluate need for new model</p> <p>Determine objectives of new model</p> <p>Review other jurisdictions</p> <p>Identify risks associated with non-registrants</p>	<p>Conduct policy analysis of options and impact</p> <p>Determine changes and recommend to government</p>	<p>New or revised model implemented</p> <p>Increased levels of protection available for consumers who purchase from TICO registrants</p>

* Short-Term = first 12 months, Medium-Term = 12-24 months, Long-Term = 24+ months

BUSINESS OBJECTIVE	SHORT-TERM ACTIONS *	MEDIUM-TERM ACTIONS	LONG-TERM ACTIONS	PERFORMANCE MEASURE
Ensure advertising complies with regulations	<p>Prepare evaluation of current advertising to determine extent of non-compliance</p> <p>Develop and publish self-checklist for all advertising to prevent honest mistakes</p> <p>Develop compliance procedures and penalties for non-compliance</p>	Review requirements and penalties to recommend necessary changes	Ongoing review	<p>Increased registrant awareness of rules</p> <p>Penalties imposed for non-compliance</p> <p>Fewer non-complying advertisements</p>
Develop communications plan for TICO stakeholders	<p>Draft, discuss, decide regarding stakeholder groups and key messages</p> <p>Communicate internally to Board and staff through orientation, training, meetings, policy manuals</p>	Communicate externally to registrants and consumers and government	Ongoing communication	Increased understanding, buy-in and compliance with TICO objectives and policies by all stakeholders
Ensure consumers and registrants are aware of the benefits of dealing with Ontario registrants	Develop public awareness plan	<p>Review current situation</p> <p>Isolate danger areas/ situations</p> <p>Implement an awareness campaign</p>	Ongoing public awareness	Campaign implemented
Amalgamate Travel Industry Compensation Fund with TICO	Determine legalities of combining which will drive process	Await \$10 million Compensation Fund balance required to change governance structure	<p>Prepare legislative changes</p> <p>Amalgamate</p>	Amalgamation completed
Review Travel Industry Act legislation and regulations to meet current and anticipated environment	<p>Develop separate committee to begin review</p> <p>Commence review of regulations</p> <p>Draft changes to regulations</p>	<p>Commence review of the Act</p> <p>Propose changes to the Act</p> <p>Propose changes to regulations</p> <p>Implement changes to regulations</p>	<p>Assist in shepherding revisions through the legislative process</p> <p>Ongoing review to maintain relevance of Act and regulations</p>	<p>Regulatory changes implemented</p> <p>Proposals for legislative changes developed</p> <p>Proposals for legislative changes accepted by MCCR</p>
Establish an ongoing dialogue with counterparts in other jurisdictions and self-managed industries to share best practices	<p>Obtain Business Plans from other self-managed industries and develop contact with CEOs</p> <p>Establish communication with registrars and regulators in other jurisdictions</p>	Ongoing dialogue	Ongoing	<p>Contact initiated</p> <p>Best practices documented and integrated where relevant into development of TICO programs, services and initiatives</p>

* Short-Term = first 12 months, Medium-Term = 12-24 months, Long-Term = 24+ months

Travel Industry Council of Ontario

3 Year Revenue & Expense Forecast

	1997/98	1998/99	1999/00
	(9 months)		
REVENUES			
Registration Fees	1,023,500	1,068,000	1,068,000
Semi-Annual Assessments	4,235,000	4,235,000	4,235,000
Interest	164,500	350,000	500,000
Total Revenues	5,423,000	5,653,000	5,803,000
OPERATING EXPENSES			
Compensation Fund Claims	1,200,000	1,200,000	1,200,000
Salaries & Benefits	811,000	847,000	892,000
Administration	295,000	325,000	350,000
Start-up Costs	400,000	120,000	-
Contingency	75,000	125,000	110,000
	2,781,000	2,617,000	2,552,000
Excess receipts over payments	2,642,000	3,036,000	3,251,000
Net Compensation Fund asset at beginning of period	4,470,000	7,112,000	10,148,000
Total Compensation Fund assets	7,112,000	10,148,000	13,399,000

Notes to Revenue & Expense Forecast

1. Registration fees are based on historical information over the past 5 years.
2. Compensation Fund semi-annual assessments are based on gross sales of industry using historical data for the last 5 years.
3. Expenses include combined TICO and Compensation Fund operation.
4. Compensation Fund claims are calculated at \$100,000 per month.
5. Start-up costs include \$150,000 repayment to industry and for new initiatives.
6. Compensation Fund balance at hand over to TICO was approximately \$4.5 million.
7. The first year revenue and expense figures are less than the 2nd and 3rd year because the 1st year figures take into account 9 months of TICO plus 12 months of the Compensation Fund.
8. A contingency has been included for unforeseen start-up and business plan initiatives.

TICO BOARD OF DIRECTORS

Industry Representatives

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Assistant Deputy Minister
Business Division
Ministry of Consumer and Commercial
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Management Consultant
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Legislative & Regulatory Review
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W.H. Bruce Fraser, C.A.
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Michael Pepper
Statutory Registrar, Travel Industry Act
CEO, Travel Industry Council of Ontario

Heather Plewes, LLB
Corporate Secretary & Counsel

The Ontario Travel Industry Compensation Fund Corporation

W.H. Bruce Fraser, C.A. - Chair

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