



TRAVEL INDUSTRY COUNCIL OF ONTARIO



# 2008 Business Plan





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June 24, 2008

Honourable Ted McMeekin  
Minister of Government and Consumer Services  
Whitney Block  
4th Floor, Suite 4320  
99 Wellesley St. W.  
Toronto, Ontario  
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Dear Minister McMeekin,

On behalf of the Travel Industry Council of Ontario, we are pleased to submit our eleventh Business Plan, which covers the period 2008 to 2011. Our biggest priority over the last year was the finalization and implementation of TICO's Education Standards Program, which will impact travel counsellors and supervisor/managers. Implementation will continue over the next year as the educational requirements come into effect on July 1, 2009. TICO estimates that there are over 10,000 individuals selling travel services to consumers through registered travel agencies in the province that are required to pass the Travel Counsellor Exam. This will be the first time that there are mandated educational requirements that the travel industry in Ontario must comply with. It is hoped that the new requirements will enhance consumer protection and increase consumer confidence in dealing with Ontario registered travel agents.

TICO will also focus its energies this year on enhancing its public relations with registrants. TICO recognizes the benefits of open communication with industry to ensure that TICO understands issues that are important to its registrants and that registrants better understand TICO's role and positions on issues. Improved communication between the regulator and the industry will help further compliance with the Act and Regulation as well as help the regulator to anticipate and address issues that arise in the industry.

Another goal of TICO this year will be the development of tools to increase effective enforcement of the legislation. The goal is to encourage compliance with the rules governing the industry and to enhance consumer protection. Having administrative penalties would provide the regulator with another tool to deal with non-compliance, which may be more appropriate to the infraction than the current option of proposing to revoke a registration. TICO will consult with stakeholders on the proposed model prior to any changes being introduced.

TICO will also be continuing its review of Ontario Regulation 26/05 to determine where refinements to the Regulation could help to make the provisions work better operationally. Registrants have raised concerns regarding areas where they have difficulty complying with the current rules. TICO continues to review these areas of concern with a view to recommending changes to make the regulations work effectively to protect consumers without placing an undue burden on the industry. Another initiative that is a priority this year includes reviewing the shift to more home based business models. With more travel counsellors working from home, TICO's goal is to ensure that consumer protection is maintained.

TICO is continuing its work as part of the Travellers Protection Initiative to advocate for changes to increase disclosure in airline advertising at the federal level to protect consumers. The Minister of Transport made a commitment to consult with stakeholders on the issue of price disclosure in airline advertising. This has not yet taken place and TICO will continue to advocate for this issue until changes are made.

During this fiscal year, TICO plans to increase its successful Consumer Awareness Campaign with more media advertising to ensure that consumers are made aware of the benefits of dealing with Ontario registered travel agencies. TICO is developing a new campaign that will focus on getting the message to all corners of the province.

Once again, TICO has set some ambitious goals for the year ahead. The Board of Directors is confident that it will meet the challenges that arise in this ever-changing industry. We look forward to working with stakeholders as we continue to pursue our mission of promoting a fair and informed marketplace where consumers can be confident in their travel purchases.

Scott Stewart  
Chair, Board of Directors

Michael Pepper  
President and CEO

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# GENERAL OVERVIEW



On June 25 1997, the Travel Industry Council of Ontario (TICO) was delegated to take responsibility from the Ontario government for administering the *Travel Industry Act, 2002* (the Act), formerly the *Travel Industry Act*, which governs all of the approximately 2,800 travel retailers and wholesalers registered in Ontario and The Ontario Travel Industry Compensation Fund Corporation (the Compensation Fund).

In assuming this delegation, TICO established an initial agenda not 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 11th 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, cruiselines), which may or may not be located in Ontario.

## MANDATE

TICO's mandate is to support the Ministry of Government and 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.



## 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 the following page.

### **Government Liaison**

- Working closely with Ministry of Government and 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.

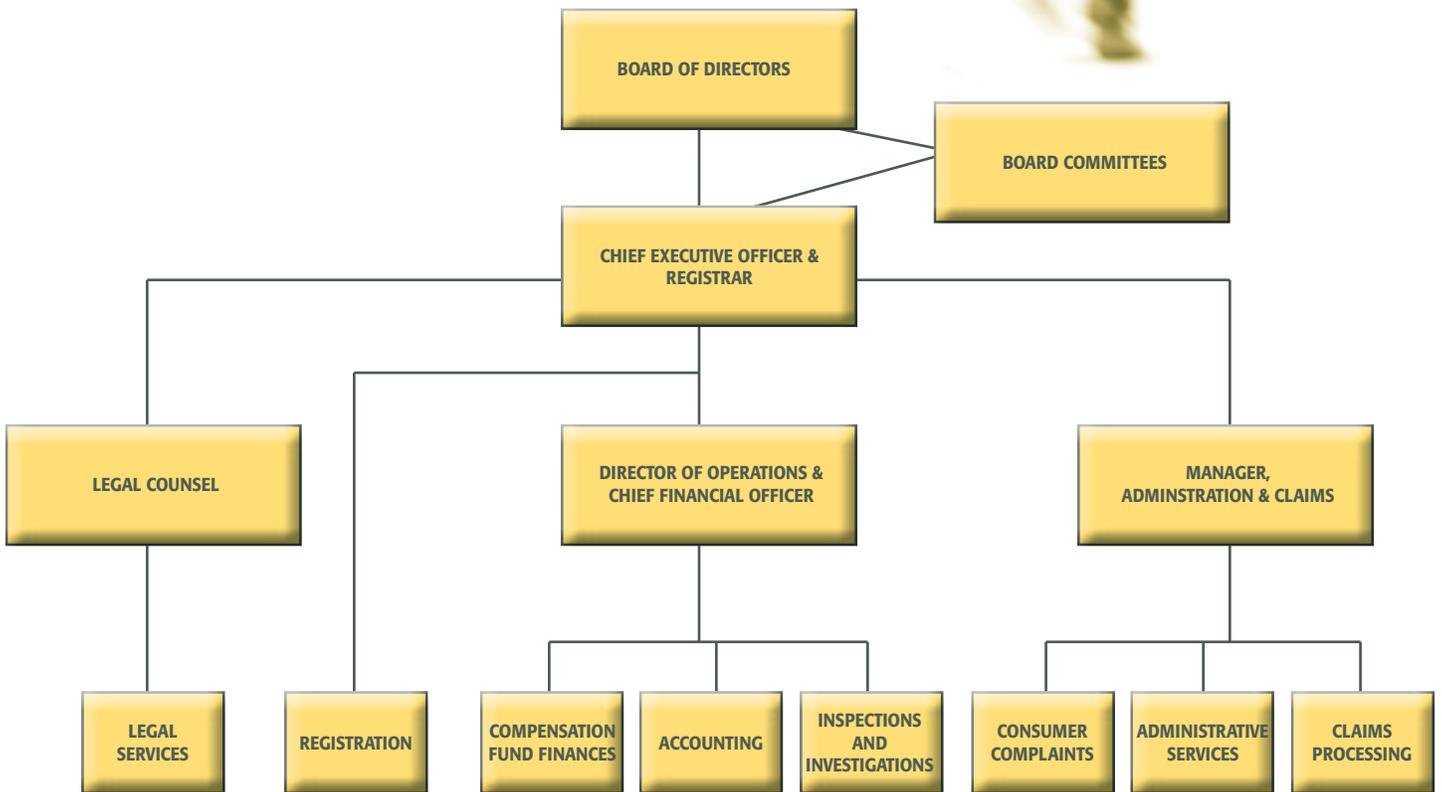
### **STRUCTURE**

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 on pages 6-8.

### **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



# BUSINESS OBJECTIVES



## **Executive Committee (Chair: Scott Stewart)**

- 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: Michael Janigan)**

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

## **Compensation Fund Committee (Chair: Michael Janigan)**

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

## **E-Commerce Committee (Chair: Denise Heffron)**

- Review TICO's programs, services and initiatives to determine any area which could be improved through the use of the Internet.
- Identify areas where consumers may not be protected when they purchase travel services online and provide options as to how TICO may address these issues.
- Consider privacy issues in respect of e-commerce.
- Identify 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 counselors 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: Michael Janigan)**

- Recommend legislative and regulatory reform necessary to achieve TICO's business objectives by:
  - Consulting with Ministry of Government and Consumer Services on policy and legal issues.
  - Securing and managing stakeholder input.
  - Working with the Ministry of Government and 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: Michael Merrithew)**

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

**Consumer Advisory Committee  
(Chair: Michael Pepper)**

- To provide the President/CEO with observations, advice and recommendations with respect to consumer issues.
- To monitor general trends vis-à-vis consumer complaints.
- To gather information on programs employed by other professions that are intended to increase consumer protection.
- To develop recommendations that will enhance consumer confidence and protection.
- To gather and exchange information on issues of interest and importance to consumers.
- To gather information on programs and/or implementation strategies for programs that will advance consumer protection.

# BUSINESS OBJECTIVES ACHIEVED 2007 / 2008



## **Implement *Travel Industry Act, 2002* Education Standards**

- Implemented the plan for TICO Education Standards.
- Effective date for Education Standards amended to July 1, 2009 to allow individuals sufficient time to meet the Standard.
- Study Manual for travel counsellor and supervisor/manager level completed.
- Study Manual for travel counsellor and supervisor/manager levels made available to the industry via PDF download, free of charge on both the TICO and CITC websites. Coil-bound copies of the Study Manual also made available for those wishing to purchase a hard copy.
- Online exams for both travel counsellor and supervisor/manager level have been completed and made available to the Industry.
- Combination Travel Counsellor and Supervisor/Manager Exam was completed for those individuals wishing to complete both exam levels at one time.
- Proctor's Guide completed and made available on both the TICO and CITC websites.
- Communicated details of TICO Education Standards including FAQ's on various aspects of the Programme to all registrants. Further information, including a downloadable version of the Study Manual is available on both TICO's and CITC's website. As well, press releases and a mass mailing to all registrants providing information on the Education Standards requirement and process were distributed. Presentation on TICO Education Standards provided to attendees at Travel Law Day held in Toronto in February 2008.
- Education of stakeholders on TICO Education Standards to continue until the effective date of July 1, 2009.

## **Develop Discipline Process**

- Reviewed the process for a mandatory Registrant Code of Ethics and determined that as TICO does not register individuals, the discipline model does not meet TICO's requirements.

- Development of TICO administrative penalties for infractions commenced.

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

- Regulatory changes obtained in June 2007 to amend Ontario Regulation 26/05. (Amendments in Ontario Reg. 278/07) to various sections of the Regulation pertaining to areas such as advertising, invoicing and the amendment to the Education Standards effective date.
- Review of compliance issues resulted in recommendations for regulatory changes in areas identified as problematic to stakeholders.
- Continued a review of Ontario Regulation 26/05 by the Legislative and Regulatory Committee which analyzed where changes may be beneficial to address the areas identified as problematic to stakeholders.
- Consulted with the Ministry on specific legislative proposals for reform that required further input from TICO.
- Submission provided to the Ministry on various issues with proposed amendments.

## **Review Board Recruitment Process**

- Enhanced TICO's Governance Model.
- Added criteria to TICO's Board Member Profile.
- Reviewed and recommended changes to TICO's Terms of Reference for a Board Member.
- Reviewed TICO's Election Process and made changes to TICO's Election of Directors Policy.
- Review of TICO By-laws commenced.
- Review of remuneration of Board members commenced.
- Reviewed TICO Board and Committee Structure. Improved TICO's Board Chair Profile and developed Board Vice Chair Profile.

## **Increase Consumer and Registrant Education and Awareness**

- TICO's Communications Plan to advise all stakeholders as to the changes to the *Travel Industry*



Act, 2002 and Ontario Regulation 26/05 was ongoing in the 2007/08 fiscal year. Information available on TICO's website as well as communicated to stakeholders during day to day operations.

- Continued television ad campaign during the months of January to March 2008 promoting consumer awareness of TICO and benefits of dealing with Ontario registrants with the use of the tag line: *"Always Look for the TICO sign when you book your travel time."*
- Distributed collateral materials to registrants and continued to encourage registrants in TICO Talk newsletter and TICO website to support TICO's Consumer Awareness Campaign by displaying and distributing collateral materials to consumers to increase awareness.
- Hired media firm to develop a new campaign and media strategy for TICO's Consumer Awareness Campaign.
- TICO participated at 9 consumer and industry trade shows during the last 12 months to promote consumer awareness as to the benefits of purchasing travel services from Ontario registrants.
- Conducted 16 media interviews promoting knowledge and awareness of TICO.
- Produced a weekly Travel Registrar Q&A column in the National Post newspaper.

### **Liaise with Other Jurisdictions to Eliminate Gaps in Consumer Protection**

- Continued to work with the Traveller's Protection Initiative (TPI) to advocate for changes at the federal level with respect to changes to the Canada Transportation Act that will strengthen consumer protection and improve consumer disclosure.
- Presentation was provided by TPI to the Federal Standing Committee on Transport in relation to the proposed changes to the Canada Transportation Act, specifically in respect to airline advertising and financial criteria.
- Presentation was provided by TPI to the Senate in relation to the proposed changes to the Canada Transportation Act, specifically in respect to airline advertising.

- Kept informed of proposed changes to travel legislation in other provinces.
- Met with representatives of travel trade associations and/or governments in other provinces to discuss the feasibility of introducing harmonized standards across Canada.
- Provided response to the Business Practices & Consumer Protection Authority of British Columbia (BPCPA) Travel Industry Regulation Consultation.
- Maintained a close dialogue with the Province of Quebec Office de la Protection du Consommateur Policy Staff.

### **Assess Effectiveness of What TICO has Done to Date**

- Distributed consumer surveys to assess TICO's operational effectiveness in the area of claims processing and complaint handling.
- Results of completed consumer surveys are reported in TICO's Annual Report.
- Reviewed the results of the completed consumer surveys. Plans have been made to address any dissatisfaction issues. Further details are reported in TICO's Annual Report.

### **Maintain and Improve Operational Efficiency**

- Enhancements to TICO's Information Management System completed due to changes in the Compensation Fund assessment rates and registration and registration renewal fees.
- Survey results analyzed with respect to enhancing complaint processing turn around times. One additional staff member hired to assist in complaints processing to improve customer service and turn around times.
- Reviewed TICO's internal procedures in relation to the processing of Compensation Fund assessments and the processing of registration and renewal applications in response to the rate reforms.
- Reviewed TICO's Privacy Policy and TICO's internal processes. No changes were made to the policy in the last year.
- Continued work on the development of the Disaster Plan. Some achievements to date are as follows:



- Secured an Agreement with the Ministry of Government and Consumer Services to provide TICO with office space and facilities in the event of a disaster resulting in TICO's current office space being devastated.
- Completed Disaster Recovery Plan Testing for the recovery of TICO's internal Information Management Systems in the event of a disaster.
- Established a proposed budget for the re-establishment of TICO operations in the event of a disaster.
- Produced Disaster Recovery Boxes stored at offsite storage location which contains all vital records and information in relation to the recovery of TICO operations 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.
- Process to align Form 1 payments with annual registration renewals has commenced.
- Drafted a schedule of fees on a cost recovery basis for services provided by TICO.
- IT Systems Audit conducted and completed.
- Reviewed recommendations from the IT Systems Audit. Implementation of necessary recommendations completed.
- Reviewed level of Compensation Fund to ensure that it is sufficient to provide adequate protection for consumers.

- Reviewed contribution rates to ensure the Compensation Fund is adequately financed.
- Reviewed registration and renewal fees to ensure that TICO is adequately financed.

#### **Communications and Government Liaison**

- Prepared and distributed a quarterly newsletter (TICO Talk) to all registrants and distributed Industry Advisories on significant and timely issues.
- Maintained TICO website and provided timely on-line information to benefit stakeholders. Information provided included communication items such as updated FAQ's on the Education Standards Programme, Press Releases, Guidelines, Business Plan, Annual Report and the TICO Talk Newsletter.
- TICO commenced communicating with registrants via broadcast email.
- TICO continued to liaise with the Ministry of Government and Consumer Services on issues that require TICO's input and participated in regular liaison meetings.
- Continued to communicate and restate TICO Voluntary Code of Ethics for registrants on TICO's website and TICO Talk Newsletter.
- Provided annual Business Plan for 2007-2010 to stakeholders.

# BUSINESS OBJECTIVES



## ENVIRONMENT

Overcapacity in the airline industry is cited as the largest factor affecting instability in the travel industry by the leader of the International Air Transport Association (IATA). Just when the industry is getting back to profitability, following the aftermath of 9-11, a dramatic increase in the cost of fuel has plummeted some airlines into bankruptcy and others are seeking amalgamation or consolidation. The rebound effect is passed down the line as travel suppliers are forced to cut costs, leading to reduced services to travellers and changes in the business model, as the middleman travel agency is relied upon less and less to feed airlines with bookings. In the midst of these rising fuel prices, the resignation of Air Canada, Air Canada Jazz, Transat and WestJet from the Air Transport Association of Canada (ATAC), adds a new dynamic to the unity of this organization and Canada's air carriers, leading to further uncertainty.

Some registrants find these challenges too great and are closing up shop or merging. In the last year, there has been a decrease in the number of registrations although there was still an increase in average gross sales. Despite world events, consumers continue to travel in greater numbers. Despite the increase in the online/ direct to supplier B2C ("business to consumer") model, travel agents still play an important role in the leisure travel market and in the corporate managed travel segment, where travellers need the advice of a professional service provider to make arrangements for vacations that include more than just one travel component and demand advice and counsel.

Although the impact of these environmental pressures is felt at TICO with a declining registration base, the reduction continues to be slow and, therefore, manageable. TICO continues to undertake more initiatives on behalf of the industry, which costs money. It is continually monitoring its financial position to ensure that stakeholders get full value for the registration and renewal fees and Compensation Fund contributions made by registrants. While it may seem that TICO has ample funding due to the large balance in the Compensation Fund, registrants should be aware that there are restrictions on how the money in the Compensation Fund can be used. Those restrictions are designed to ensure that there are funds

available, if necessary, to reimburse consumers due to failures and cannot be used for general or other business purposes.

In the next fiscal year, TICO will increase its Consumer Awareness Campaign. It will be changing the focus of the campaign in order to reach more consumers. The goal of the campaign is to make consumers aware of the benefits of booking travel through an Ontario registered travel agent, about the protections afforded by the legislation in Ontario and about the Ontario Travel Industry Compensation Fund. TICO believes that this work is extremely important given the current trend towards booking directly with suppliers. The campaign will benefit both consumers and registrants. The campaign is evaluated each year to determine whether TICO is succeeding in increasing awareness.

TICO will continue its work, through the Travellers Protection Initiative (TPI), to lobby the federal government to make changes to legislation to better protect airline passengers in the event of airline failures and to make price advertising more transparent. These issues are extremely important to the industry. Ontario registrants are paying into the Compensation Fund to protect against airline failures, something over which they have no control, due to the lack of consumer protection at the federal level in this area. There is extreme pressure on the federal government to require airlines to provide full price disclosure to consumers in their advertising of airfares. This situation continues to be unfair and TICO will continue its efforts to encourage the federal government to do its part to create a level playing field and to protect Canadian consumers.

The Compensation Fund continues to be in a healthy position. Despite turmoil in the industry, TICO has not found it necessary to adjust contribution rates. However, this situation may not continue indefinitely. It largely depends on situations beyond the control of TICO. The year ahead will certainly be a busy period and, inevitably, there will be more unforeseen changes. TICO will continue to keep abreast with these changes as time progresses.



## 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 registrants.
- Develop tools to increase effective enforcement of the legislation.
- Review registration criteria for all sellers of travel to ensure consumer protection.
- Implement TICO Education Standards.
- Review and recommend changes to the *Travel Industry Act, 2002* and Ontario Regulation 26/05.
- Introduce new Consumer Awareness Campaign.
- Continue to explore alternate methods of financing the Compensation Fund and TICO.

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

- Take a lead role in promoting harmonized standards with other provincial jurisdictions and with the federal government in the travel industry to eliminate gaps in consumer protection.
- Explore the development of turn-key solutions for self-management and consumer protection that can be sold to other jurisdictions and/or industries.

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

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

# BUSINESS OBJECTIVES FOR 2008 / 2009:



## **OBJECTIVE #1:** **Enhance public relations with registrants**

### **Performance Goal:**

- Ensure open communications with registrants so that registrants understand TICO's role and TICO understands registrant's issues.

### **Performance Measures for 2008/2009:**

- Review TICO's current Communications Plan to determine where improvements can be made.
- Develop and implement communications strategy to enhance public relations with registrants.
- Hold town hall meetings across Ontario to disseminate information and to encourage contact and feedback from registrants.
- Communicate outcome and feedback received at town hall meetings to stakeholders.
- Utilize feedback in decision making where appropriate.

## **OBJECTIVE # 2:** **Develop tools to increase effective enforcement of the legislation**

### **Performance Goal:**

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

### **Performance Measures for 2008/2009:**

- Finalize administrative penalty process for non-compliance. This process will involve the assessment of monetary penalties for infractions.
- Complete list of monetary penalties for infractions.
- Consult with stakeholders on the proposed administrative penalty process.
- Review feedback from consultation process and make enhancements to process.
- Develop implementation plan for the process.

## **OBJECTIVE #3:** **Review registration criteria for all sellers of travel to ensure consumer protection**

### **Performance Goal:**

- To ensure compliance with the *Travel Industry Act, 2002* and Ontario Regulation 26/05 by all sellers of travel.

### **Performance Measures for 2008/2009:**

- Review how travel services are sold in Ontario.

- Review who is currently exempt from registration and determine if appropriate.
- Determine if other levels of registration are required.
- Consider recommendations for change where appropriate.
- Consult with stakeholders on the issue.

## **OBJECTIVE #4:** **Implement TICO Education Standards**

### **Performance Goal:**

- Ensure all registrants have a sound knowledge of the *Travel Industry Act, 2002* and Ontario Regulation 26/05, so that they are able to meet the Education Standard by July 1, 2009 and better serve their clients.

### **Performance Measures for 2008/2009:**

- Monitor Education Standards exam performance and determine whether any changes to the exams or Study Manual is required.
- Release French version of Study Manual and exams.
- Continue communications with and educate stakeholders regarding Education Standards.
- Develop a plan to enforce Education Standards to meet the July 1, 2009 deadline.

## **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 2008/2009:**

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



**OBJECTIVE #6:  
Introduce new Consumer Awareness Campaign**

**Performance Goal:**

- Increase consumer awareness in the Province as to the benefits of purchasing travel services from Ontario registrants and educate consumers about their responsibilities when purchasing travel services and how to make a smart travel purchase.

**Performance Measures for 2008/2009:**

- Develop new campaign strategy using a media firm.
- Enhance TICO's website to deliver a clear consumer protection message.
- Use different forms of media to obtain a broad reach to all consumers in Ontario and encourage consumers to visit TICO's website.
- Encourage registrants to display collateral materials, for example, posters to support TICO's radio and television campaign.
- Participate at travel related consumer shows providing educational literature.
- TICO's CEO to conduct radio and television interviews to promote knowledge of TICO.
- Obtain editorial coverage and take out ads in the press aimed at promoting consumer awareness.
- Measure results and impact of consumer awareness campaign.

**OBJECTIVE #7:  
Continue to explore alternate methods of financing the Compensation Fund and TICO**

**Performance Goal:**

- Ensure the Compensation Fund and TICO are adequately financed to meet the needs of stakeholders.

**Performance Measures for 2008/2009:**

- Utilize the Actuary Report completed in 2006 to assess the appropriate level of the Compensation Fund.
- Review financial models from other jurisdictions that have travel industry consumer protection schemes.
- Make recommendations for change where appropriate.

# CONTINUING PERFORMANCE MEASURES



In addition to the seven Business Objectives for the year, 2008/2009, 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 2008/2009:

## **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 2008/2009:**

- Continue to enhance TICO's Information Management System.
- Continue to distribute consumer surveys and analyze consumer survey results to assess opportunities to improve TICO's operational effectiveness in the area of claims processing and complaint handling.
- Review TICO's internal procedures and make amendments to policies to keep up to date.
- 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.
- Review TICO's Privacy Policy and TICO's internal processes to determine where enhancements are necessary to ensure privacy is protected.
- Complete TICO's internal Disaster Recovery Plan which will set out policies and procedures for TICO in the event of a disaster.
- Meet the terms of the Administrative Agreement.
- Align Form 1 payments with annual registration renewals including incorporate changes to TICO's database to allow for alignment of Form 1 payments with annual registration renewals.
- Complete schedule of fees for TICO services on a cost recovery basis.

## **Communications and Government Liaison**

### **Performance Goal:**

- Maintain good communications with stakeholders and government.

### **Performance Measures for 2008/2009:**

- Maintain a Communications Plan to promote Industry awareness.
- Maintain and regularly update TICO's website.
- 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 Ministry of Government and Consumer Services on issues that are sensitive to government and issues require TICO's input.
- Continue to communicate and restate TICO's Voluntary 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, 2008.
- Work with the Ministry to finalize outstanding items in the Administrative Agreement.

# TICO REVENUE AND EXPENSE FORECAST

	<b>Business Plan 2008/2009</b>	<b>Business Plan 2009/2010</b>	<b>Business Plan 2010/2011</b>
<b>Revenues</b>			
Semi-Annual Assessments	\$ 524,000	\$ 470,000	\$ 470,000
Registration Fees	291,000	300,000	300,000
Renewals	917,000	985,000	985,000
Interest	<u>1,179,000</u>	<u>1,100,000</u>	<u>1,100,000</u>
	2,911,000	2,855,000	2,855,000
<b>Operating Expenses</b>			
Compensation Fund Claims	640,000	540,000	540,000
Salaries & Benefits	1,512,000	1,557,000	1,603,000
Administration	1,011,000	977,000	1,006,000
Industry Initiatives	610,000	570,000	570,000
Inspections & Compliance	<u>460,000</u>	<u>473,000</u>	<u>487,000</u>
	4,233,000	4,117,000	4,206,000
Excess Receipts over Payments	(1,322,000)	(1,262,000)	(1,351,000)
Net Compensation Fund/TICO Assets beginning of period	<u>30,350,000</u>	<u>29,028,000</u>	<u>27,766,000</u>
Total Compensation Fund/TICO Assets	<u>\$ 29,028,000</u>	<u>\$ 27,766,000</u>	<u>\$ 26,415,000</u>
<b>Compensation Fund/TICO Assets Breakdown</b>			
Compensation Fund Asset	28,409,000	27,207,000	25,949,000
TICO Asset	<u>619,000</u>	<u>559,000</u>	<u>466,000</u>
	<u>\$ 29,028,000</u>	<u>\$ 27,766,000</u>	<u>\$ 26,415,000</u>

Notes:

1. Compensation Fund Assessments assume that the rate is .05 per \$1,000 of sales.
2. Registration Fees based on new rates.
3. Interest assumed to be 4% per annum.
4. Industry Initiatives include in 2008/2009 Consumer Awareness Campaign \$500,000, \$50,000 for Education Standards, \$20,000 for Consumer Advisory Committee, \$40,000 for the Regulatory reform and discipline process. For 2009/2010 Consumer Awareness Campaign \$500,000, \$20,000 for Consumer Advisory Committee, \$50,000 Education Standards. For 2010/2011 Consumer Awareness Campaign \$500,000, \$20,000 for Consumer Advisory Committee and \$50,000 Education Standards.

# TICO BOARD OF DIRECTORS 2008-09

## INDUSTRY REPRESENTATIVES

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### **Scott Stewart – Chair** President

G. Stewart Travel Services Ltd.  
Peterborough, ON

### **Jill Wykes - Vice Chair**

Senior Vice President  
Thomas Cook Canada  
Toronto, ON

### **Jeff Element**

President  
Travel Corporation Canada  
Toronto, ON

### **Mike Foster**

President  
Uniglobe Instant Travel  
London, ON

### **Denise Heffron**

Vice President Commercial  
Transat Holidays  
Etobicoke, ON

### **Annika Klint**

Vice President  
The Travel Network  
Toronto, ON

### **Michael Merrithew**

President  
Merit Travel Group  
Toronto, ON

### **Simon Parry**

President  
Helen Thompson Travel  
Toronto, ON

### **David Shaw**

President  
Evans Intravel Inc.  
Orillia, 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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### **Deborah Brown**

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

### **Michael Janigan, LL.B.**

Executive Director & General  
Counsel  
Public Interest Advocacy Centre  
Ottawa, ON

### **Patricia Jensen**

Board Member  
Consumers Council of Canada  
Toronto, ON

### **Dr. James Savary**

Department of Economics  
Glendon College,  
York University  
Toronto, ON

## EX OFFICIO

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### **Michael Pepper**

President & CEO  
Travel Industry Council of Ontario  
Toronto

## COMMITTEE CHAIRS

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### **Scott Stewart**

Executive Committee  
Business Strategy Committee

### **Michael Janigan, LL.B.**

Compensation Fund Committee  
Complaints Committee  
Legislative & Regulatory Review  
Committee

### **Jeff Element**

Audit Committee

### **Mike Foster**

Education Standards Committee

### **Denise Heffron**

E-Commerce Committee

### **Brett Walker**

Governance Committee

### **Michael Merrithew**

Alternate Finance Committee

### **Michael Pepper**

Consumer Advisory Committee

For all enquiries, please contact TICO at:



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