

Business Plan

April 1, 1999 – March 31, 2002

April 28 1999

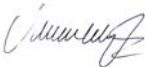
Honourable David H. Tsubouchi
Minister of Consumer and Commercial Relations
250 Yonge Street
Toronto Ontario
M5B 2N5

On behalf of the Travel Industry Council of Ontario, we are pleased to submit our 2nd year Business Plan.

The travel industry continues to evolve rapidly in response to a variety of factors including new technology and the public's ever increasing appetite for global travel. This 2nd year 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 has launched 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 is being 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 its continuing ability to deliver quantifiable results to all stakeholders.

Sincerely,



Jill Wykes
Chair, Board of Directors



Michael Pepper
President and CEO

TABLE OF CONTENTS

General Overview	1
Mandate	1
TICO Office Move/New Address Information	1
Clients	1
Services	2
Registration	2
Consumer Protection	2
Complaint Resolution	2
Government Liaison	2
Resources	3
Structure	3
The Ontario Travel Industry Compensation Fund	3
TICO Committees	3-4
TICO Operating Structure	4
Mission, Vision & Values	5
Business Objectives	5
Accomplishments in 1998	5
Programs & Services	6
Registration and Administration	6
Monitoring and Compliance	6
Industry Education	6
Consumer Education and Protection	6
Special Projects/Legislative Initiatives	6
TICO Plan for Handling Complaints	6
Consumer-to-Registrant Complaints	6
Registrant-to-Registrant Complaints	6
Complaints Against TICO	6
French Language Plan	6
Business Objectives/Performance Goals/Performance Measures	7-8
TICO Revenue & Expense Forecast	9
Board of Directors 1998-99	10

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 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 2nd year Business Plan which follows outlines:

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

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

- ▶ **Registrant:** a travel wholesaler (tour operator) or travel agent (retailer) who is registered in Ontario under the Travel Industry Act.
- ▶ **Non-registrant:** an organization which supplies travel services, but is not registered in Ontario including (but not limited to):
 - wholesalers and retailers not located in Ontario
 - companies which sell to clients in Ontario by means of advertising, the internet or toll-free phone line, but where the home base or call centre is not located in Ontario.
 - end suppliers (e.g. airlines, hotels, rail services, cruiseships), 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 as a criterion for registration
- ▶ Encouraging legislative and regulatory amendments aimed at enhancing industry professionalism and consumer confidence.

TICO Office Move

Effective November 9 1998, the Travel Industry Council of Ontario has re-located its office to:

2700 Matheson Blvd. East
Suite 402, West Tower
Mississauga Ontario L4W 4V9
Tel: (905) 624-6241 Fax: (905) 624-8631
Toll free: 1-888-451-TICO
Website: www.tico.on.ca E-mail: tico@tico.on.ca

Clients

While TICO activities are focused on consumer protection, its clients 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 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 including 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
 - 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 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, providing information on other options.

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

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 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 4. 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, nine committees have been established, as illustrated in the table on this and the following page.

The Ontario Travel Industry Compensation Fund

The Ontario Travel Industry Compensation Fund Corporation was dissolved on August 28, 1998, after the Fund reached a level of \$10 million. At that time the Fund's assets were transferred to the Travel Industry Council of Ontario.

Under TICO, the Compensation Fund continues to protect consumers who purchase travel services from Registrants in the event of a Registrant's financial failure.

TICO COMMITTEES

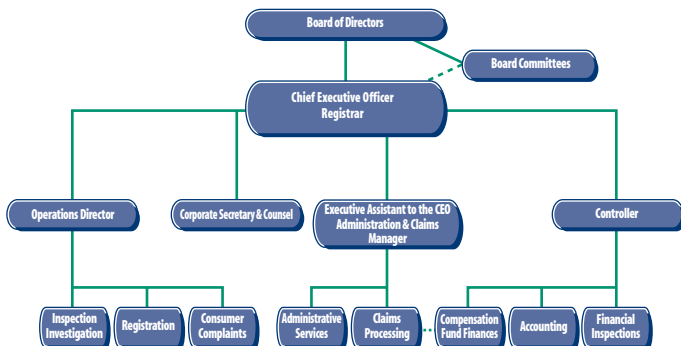
Committee	Mandate
Executive	<ul style="list-style-type: none"> • Manage emergency issues on an ad hoc basis • Interim support for CEO between board meetings
Administrative	<ul style="list-style-type: none"> • Ensure human resource policies are developed and monitored • Review and provide advice with respect to the budget • Ensure that operational policies and procedures are developed and monitored • Oversee systems and technology issues
Business Strategy	<ul style="list-style-type: none"> • Develop TICO's mission, vision, business strategy and objectives • Assist with the preparation of TICO's Business Plan and monitor performance measures • Develop a system of administrative penalties • Develop business policies on key issues of TICO authority (e.g. misleading advertising, financial compliance, education and training) • Refer issues for legislative and regulatory review • Conduct an annual review of the proposed Registrant's Code of Ethics and the proposed Board of Director's Code of Conduct
Ethics Committee	<ul style="list-style-type: none"> • Develop Code of Ethics for Registrants • Develop Code of Conduct for TICO board members • Develop Code of Conduct for TICO staff
Consumer Complaints	<ul style="list-style-type: none"> • Review and resolve, as appropriate, complaints against TICO • Provide fair, transparent and accountable procedure for handling registrant and consumer complaints against TICO

Committee

Mandate

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 the TICO Business Plan by: <ul style="list-style-type: none"> Consulting with MCCR on policy and legal issues Securing and managing stakeholder input Working with MCCR to move the recommendations forward through the legislative process
Audit	<ul style="list-style-type: none"> Review internal controls operating throughout TICO Review accounting and investment policies on an annual basis Review quarterly investment report and financial statements Review audited financial statements and recommend their approval to the Board
Education	<ul style="list-style-type: none"> The mandate for the Education Committee is currently under review. <i>(Note: The Education Committee has completed an initial review of the issue of minimum educational requirements)</i>
Compensation Fund	<ul style="list-style-type: none"> Review and recommend to the Board the payment of claims in accordance with Reg. 806/93 Develop and recommend administrative policies to the Board of Directors regarding administration of the Fund Review recovery procedures to offset the cost of claims Review and monitor the status of appeals to the Commercial Registration Appeals Tribunal of denied claims

TICO OPERATING STRUCTURE



MISSION, VISION & 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

Accomplishments in 1998

Met the terms of the Administrative Agreement by establishing and implementing operations and systems for the transition of the following areas: finance, information management, registration, financial inspections, database and asset management. Designed an integrated organizational and service delivery structure and established performance standards. TICO also assumed the delegated responsibilities including direct responsibility for the Compensation Fund.

Conducted a review of other jurisdictions, particularly British Columbia, Quebec, Australia and the U.K. to assist in recommending amendments to registration criteria addressing business risk.

Developed and introduced a complaint resolution process for complaints against TICO to be administered by the Consumer Complaints Committee. A process for resolving complaints against Registrants was also established.

Prepared an evaluation of current industry advertising to assess compliance.

Developed a communications plan for TICO stakeholders.

Established an internal communications plan to the Board of Directors and staff through orientation, meetings and policy manuals.

Initiated a public awareness plan to bring consumers' and Registrants' attention to the benefits of dealing with Ontario Registrants. TICO participated in several events including speaking engagements and consumer and industry trade shows.

Amended the Regulation to transfer the responsibility for the Travel Industry Compensation Fund to TICO.

Commenced a review of the Travel Industry Act and Regulation by the Legislative & Regulatory Review Committee.

Established and maintained an ongoing dialogue with Registrants and regulators in other jurisdictions and self-managed Industries to share best practices.

Programs and Services

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

Registration and Administration

- ▶ Update Business Plan annually.
- ▶ Continue with the necessary operations and systems to meet the terms of reference of the Administrative Agreement.
- ▶ Ongoing review of the registration process and fee schedules to reduce administrative burden on TICO and Registrants.
- ▶ Develop a list of fees to be recovered from Registrants in respect of services provided.

Monitoring and Compliance

- ▶ Ongoing development of an effective and equitable system to ensure compliance
- ▶ Develop a Code of Ethics to apply to all Registrants, board members and TICO staff.

Industry Education

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

Consumer Education and Protection

- ▶ Maintain complaint resolution processes
- ▶ Present a new model for consumer protection
- ▶ Monitor advertising so that it complies with Regulations
- ▶ Maintain a communications plan for TICO stakeholders
- ▶ Develop an effective communications programme so that consumers and Registrants are aware of the benefits of dealing with Ontario Registrants.

Special Projects/Legislative Initiatives

- ▶ Review Travel Industry Act legislation and regulations to meet the current and anticipated environment
- ▶ Continue 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 action. When a mutual solution is not reached, the consumer will be provided with information regarding options to further pursue matters.

Registrant-to-Registrant Complaints

Registrant-to-Registrant disputes have traditionally not been handled by the Registrar, unless financial issues or other allegations of non-compliance with the Act are involved. 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 OBJECTIVES	PERFORMANCE GOALS	PERFORMANCE MEASURES
<p>Keep TICO stakeholders informed as to TICO's plans, actions and achievements.</p>	<p>Update all stakeholders yearly with an Annual Business Plan that outlines relevant and clear performance goals, and measures and details TICO's achievements.</p>	<p>Approved Business Plan available to stakeholders by April 15th of each year.</p>
<p>Ensure Registrants receive the most effective and efficient services at the lowest possible cost.</p>	<p>Streamline processes for registrations, renewals, Form 1 payments and submission of Financial statements.</p> <p>Effective and equitable user-pay method for recovering costs for services.</p>	<p>Conduct an analysis of current processes and provide a set of recommendations for streamlining by Fall 2000.</p> <p>Implement new TICO information management system, which allows for improved performance measurement capabilities.</p> <p>Identify a system of cost recovery fees.</p>
<p>Ensure fair, firm and effective enforcement of the Travel Industry Act and Regulations.</p>	<p>Develop appropriate processes for dealing with non-compliance of TIA and ensure registrants fulfill regulatory (financial and non-financial) requirements under the Act through greater enforcement and visibility.</p>	<p>Assess and modify procedures for identifying and addressing non-compliance.</p> <p>Develop a model for implementing administrative penalties for non-compliance.</p> <p>Increase the number of financial and compliance inspections conducted by 5%.</p>
<p>Achieve a high level of service delivery to consumers.</p>	<p>Efficient and timely processing and approving of claims resulting from Registrant closures.</p>	<p>Implement new TICO information management system, which allows for improved performance measurement capabilities.</p> <p>Process 90% of claims within 45 days.</p>

BUSINESS OBJECTIVES	PERFORMANCE GOALS	PERFORMANCE MEASURES
<p>Communicate proactively with consumers and Registrants</p>	<p>Maximize available opportunities to improve consumer education and awareness.</p> <p>Promote the benefits of dealing with registered agencies to consumers.</p> <p>Ongoing awareness strategy for communicating TICO's mandate and goals to Registrants.</p>	<p>Participate in at least 3 travel related consumer shows providing educational literature and issue at least 2 press releases aimed at consumer awareness.</p> <p>Develop and implement a consumer awareness campaign.</p> <p>Participate in 5 Travel Industry Trade shows and publish and distribute TICO Talk newsletter to Registrants quarterly.</p>
<p>Encourage honesty, integrity and ethical competition within the travel industry.</p>	<p>Promote Code of Ethics to all Registrants.</p>	<p>Approve and distribute Code of Ethics to all Registrants.</p> <p>Restate Code of Ethics in future TICO publications.</p>
<p>Advocate for legislative and regulatory amendments aimed at enhancing industry professionalism and consumer confidence.</p>	<p>Extensive review and analysis of the TIA and Regulations including:</p> <ul style="list-style-type: none"> • Registration criteria to address business risk • Advertising & compliance • Alternative forms of financing for the Compensation Fund • Minimum performance standards for Registrants and sales personnel 	<p>Prepare comprehensive report and list of recommended changes to TIA.</p> <p>Submit to the government a comprehensive report and specific proposals for legislative reform by Fall 2000</p>

TICO REVENUE & EXPENSE FORECAST

	1999/00	2000/01	2001/02
REVENUES			
Registration Fees	1,043,000	1,043,000	1,043,000
Semi-Annual Assessments	4,480,000	2,100,000	2,015,000
Interest	640,000	600,000	600,000
Total Revenues	6,163,000	3,743,000	3,658,000
OPERATING EXPENSES			
Compensation Fund Claims and Insurance	1,743,000	1,554,000	1,426,000
Salaries & Benefits	825,000	850,000	875,000
Administration	716,000	720,000	725,000
New Initiatives	459,000	317,000	300,000
Inspections & Compliance	372,000	383,000	395,000
Total	4,115,000	3,824,000	3,721,000
Excess receipts over payments	2,048,000	(81,000)	(63,000)
Net Compensation Fund/TICO assets at beginning of period	13,600,000	15,648,000	15,567,000
Total Compensation Fund/TICO assets	15,648,000	15,567,000	15,504,000
Compensation Fund/TICO Assets Breakdown			
Compensation Fund Asset	14,923,000	14,842,000	14,779,000
TICO Asset	725,000	725,000	725,000
Total	15,648,000	15,567,000	15,504,000

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 rates required to maintain the Fund between \$10 and \$15 million.
3. Expenses include combined TICO and Compensation Fund operation.
4. Compensation Fund claims are estimated at \$100,000 per month plus cost of insurance protection.
5. Compensation Fund balance at hand over to TICO on June 25, 1997 was approximately \$4.5 million.
6. Forecast does not include significant losses as a result of Y2K, as the effects of Y2K are not quantifiable.

TICO BOARD OF DIRECTORS 1998-99

Industry Representatives

Jill Wykes – Chair (CATO)

Vice President

North American Leisure Group

Toronto

Teresa Bell, CTC – Vice Chair (CITC)

Secretary / Treasurer

Bell Travel Group

Niagara Falls

Rob Blowes, CTC (ACTA)

Vice President

Blowes Travel Ltd.

Stratford

Robert Van Kleek (OMCA)

President

Pathway Tours

London

Grant DeMarsh, CA (CATO)

Vice President, Finance

Signature Vacations

Toronto

Frank Dennis (ACTA)

President & CEO

Uniglobe Travel (Eastern Canada)

Mississauga

Douglas A.E. Hamer (Elected)

President

Red Seal Tours

Toronto

Bruce Hood (ACTA)

President

Bruce Hood Travel

Milton

Moe Jeppesen (Elected)

President

Sherwood Village Travel

Mississauga

Peter Linnett (CATO)

President

Regent Holidays Limited

Mississauga

Neil Winter (Elected)

Executive Director

Travel T-Comm

Mississauga

Ministerial Appointments

GOVERNMENT REPRESENTATIVE

Sue Corke

Assistant Deputy Minister

Business Division

Ministry of Consumer and Commercial

Relations

Toronto

BUSINESS REPRESENTATIVES

W.H. Bruce Fraser, CA

Management Consultant

Toronto

Marilynne Day-Linton, CA

Consultant

Toronto

CONSUMER REPRESENTATIVES

Donald Slinger

Immediate Past President

Canadian Snowbird Association

Toronto

Committee Chairs

Jill Wykes

Executive Committee

Peter Linnett

Business Strategy Committee

Marilynne Day-Linton, CA

Administrative Committee

Moe Jeppesen

Ethics Committee

Frank Dennis

Consumer Complaints Committee

Frank Dennis

Legislative & Regulatory Review Committee

W.H. Bruce Fraser, CA

Audit Committee

Teresa Bell, CTC

Education Committee

W.H. Bruce Fraser, CA

Compensation Fund Committee

Officers

Jill Wykes

Chair

Teresa Bell, CTC

Vice Chair

Michael Pepper

President & Chief Executive Officer

Heather Plewes, LL.B.

Corporate Secretary & Counsel

Statutory Appointments

W.H. Bruce Fraser, CA

Statutory Director,

Travel Industry Act

Michael Pepper

Statutory Registrar,

Travel Industry Act

For more information please contact:



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