



TRAVEL INDUSTRY COUNCIL OF ONTARIO



2007 ANNUAL REPORT



Message From The Chair

June 1, 2007

Honourable Gerry Phillips
Minister of Government Services
99 Wellesley St. W., Room 4320
Whitney Block
Toronto, Ontario
M7A 1A1



Dear Minister Phillips:

I am pleased to submit the tenth Annual Report of the Travel Industry Council of Ontario (TICO), which covers the period April 1, 2006 to March 31, 2007. This report also incorporates the activities of the Ontario Travel Industry Compensation Fund, for which TICO assumed direct responsibility in June 1998. This report focuses on the outcomes and achievements made in relation to the objectives that were set in TICO's 2006 Business Plan. Some of the highlights include:

- After having an Actuary Report completed and doing a comprehensive review of registration fees and Compensation Fund contributions, TICO proposed changes to fund assessment rates and registration and renewal fees. TICO released a Consultation Paper on these rate reforms and consulted on proposed changes in June and July of 2006. At the end of the day, Compensation Fund contributions were reduced and registration and renewal fees were increased. The end result was an overall savings for the majority of TICO registrants. It is anticipated that over the next five years, the level of the Compensation Fund will be reduced from \$30 million to \$25 million. TICO will adjust assessment rates as required to maintain the Fund within a corridor of between \$20 and \$25 million. The increase to registration and renewal fees was the first increase since 1993. The increase will ensure that TICO has adequate funding to continue to provide a high quality of service to its stakeholders.
- TICO's Minimum Education Standards curriculum has taken longer than anticipated to develop. TICO wants to ensure that the Study Manual is clear and easy to read for registrants and that the content will be informative and beneficial. The Board has decided to put both the Travel Counsellor information and the Supervisor/Manager information in one Study Manual so that all the information is available in one place. Since the development of the Study Manual and exams has taken longer than anticipated, TICO has requested a change to Ontario Regulation 26/05 to delay the implementation date for one year to July 1, 2009. This change is contingent upon government approval. This should provide sufficient time for individuals to meet the requirements. The Study Manual and Proctor's Guide are being finalized and we anticipate that the documents will be ready for release in the fall of 2007.
- TICO's successful Consumer Awareness Campaign, which was introduced in 1999, has seen the branding of the "TICO" logo. The campaign continued over the last year with a higher emphasis on television advertisements that promote the benefits of purchasing travel from a registered Ontario travel agency. TICO's newly formed Consumer Advisory Committee, which provides the Board with valuable advice on consumer travel issues, has provided some useful feedback that will be considered in enhancing the campaign going forward.

- The Travellers' Protection Initiative (TPI), a Canada wide alliance of consumer protection and industry groups, consisting of TICO, the Public Interest Advocacy Centre (PIAC), Quebec-based Option consommateurs and the Association of Canadian Travel Agencies (ACTA), has been very active in pursuing changes to the Canada Transportation Act. The goal was to have the federal government acknowledge the gaps in consumer protection at the air carrier level in respect of advertising disclosure and financial protection of consumer advance payments. The group also pursued higher disclosure of air carrier performance statistics, such as on-time stats and lost baggage and questioned the elimination of the Air Travel Complaints Commissioner position. TPI put forward a list of suggested changes and hired external Government and Public Relations specialists to assist with this project. Bill C-11 progressed to the Standing Committee on Transport. TPI has been successful in getting an amendment to the advertising disclosure provisions that, if passed by the House and Senate, will require the Minister of Transport to make regulations requiring full disclosure of the cost of air travel in advertising.
- Ontario Regulation 26/05 was introduced in July 2005. It made significant changes to disclosure, advertising and financial criteria. The compliance activity has increased dramatically as a result of these new requirements as TICO staff must ensure that registrants understand and are compliant with the Act and Regulation. As Ontario Regulation 26/05 now requires all registrants to deposit customer funds in a *Travel Industry Act* trust account or provide security in lieu of trust accounting, TICO hired an additional financial inspector to ensure that approximately 800 previously grandfathered agencies understand and comply with the trust accounting requirements.

This is TICO's tenth anniversary since receiving delegation from the Ontario government to administer the Ontario *Travel Industry Act, 2002*. Looking back, I am proud of the achievements of this self managed organization and to have played a role on its Board of Directors. Our goal is to continue maintaining the high standards expected of us.

Yours truly,
Travel Industry Council of Ontario



Denise Heffron
Chair of the Board of Directors

Index

Mission, Vision, Values	1
Chief Executive Officer's Report	2
TICO Structure	3
Organization	3
Governance	3
Travel Compensation Fund	4
Financial Inspections	5
Committees	6
Business Accomplishments 2006/2007	9
Continuing Business Objectives 2006/2007	13
Operational Performance Review	16
Registration	16
Complaints	16
Financial Inspections	17
Non-financial Inspections	18
Travel Compensation Fund	19
Legal Matters	23
Legislative and Regulatory Changes	24
Complaint Handling Process	25
Complaints Committee	25
Consumer Awareness Campaign	26
French Language Services	26
Financial Review	27
Appendices:	
Appendix I - Audited Financial Statements	
Appendix II – Listing of TICO Board of Directors	
Appendix III – Statutory Appointments and Listing of TICO Staff	





MISSION

To promote a fair and informed marketplace where consumers can be confident in their travel purchases.

VISION

Enhance confidence in the travel industry by becoming:

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.

VALUES

TICO will be:

Fair, but firm in our conduct with registrants and consumers

Responsive and open in communicating with consumers and registrants, while respecting the business confidentiality of our registrants

Visionary in our 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 TICO does.

Chief Executive Officer's Report

EXECUTIVE SUMMARY

It has been another busy year at TICO as we continued with implementation of Ontario Regulation 26/05 and implemented rate reforms. Our financial inspectors have been busy ensuring that registrants are complying with the trust accounting and working capital provisions. The requirements with respect to representations and disclosure have meant more work for our compliance department, who continue to work with registrants to ensure requirements are met in these areas. Our registration department has been busy with the changes to registration and renewal fees. Our Form 1 and Claims Coordinator has been busy with changes to Compensation Fund contribution rates.



Minimum Education Standards has taken longer than anticipated, but TICO wants to ensure that the Study Manual is a quality product that will be beneficial to the industry. There has been a lot of work done by TICO's Minimum Standards Committee, the Board of Directors, the Canadian Institute of Travel Counsellors (CITC), educators, editors and the testing company being used to administer the exams in addition to TICO staff. The coordinated efforts of all of these groups is helping to ensure that the product being developed will be a useful tool for registrants to understand the rules governing their conduct so they can better serve the travelling public.

Another group effort has been the work of the TICO driven, Traveller's Protection Initiative (TPI). This coalition of like-minded consumer and industry groups has done a lot of work behind the scenes to get the attention of the Federal government to improve consumer protection at the air carrier level. TPI has been successful in obtaining an amendment to Federal Bill C-11, which, if passed, will improve disclosure of the cost of air travel in advertising and level the playing field with respect to advertising the prices of air travel. Currently, registrants in Ontario must meet strict price advertising requirements.

This report details the progress made on the objectives set in TICO's 2006 Business Plan. Many of the objectives have been achieved. The other objectives are underway and work will continue to advance these projects to completion. More information regarding each of last year's objectives can be found in the body of this report. TICO remains committed to its mission of promoting a fair and informed marketplace where consumers can be confident in their travel purchases.

Yours truly,
Travel Industry Council of Ontario

A handwritten signature in black ink, appearing to read 'M. Pepper', written in a cursive style.

Michael Pepper
President & C.E.O.

TICO Structure

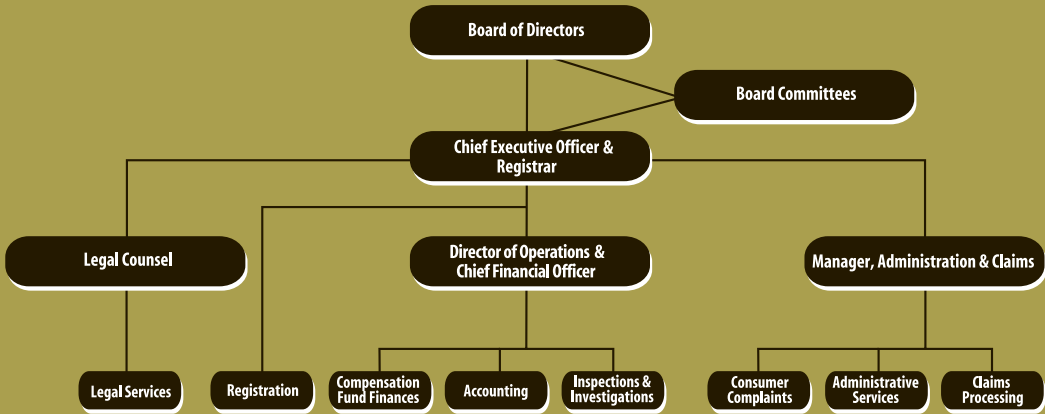
Organization

The Travel Industry Council of Ontario (TICO) is a not-for-profit corporation financed through fees from its approximately 2,800 Ontario travel retail and wholesale registrants. In order to effect self-management in the travel industry, the former Ministry of Consumer and Commercial Relations delegated responsibility for the administration of the now repealed Ontario *Travel Industry Act*, (currently the *Travel Industry Act, 2002*) and regulations to TICO in June 1997. The Act governs Ontario retailers and

wholesalers and provides for the operation of a travel industry Compensation Fund.

Following a regulation change in June 1998, TICO assumed direct responsibility for the Ontario Travel Industry Compensation Fund (the Fund) from the Ontario Travel Industry Compensation Fund Corporation (OTICF). The OTICF Corporation was subsequently dissolved on August 28, 1998.

Currently, the Ministry of Government Services is responsible for the *Travel Industry Act, 2002* (the Act) and Ontario Regulation 26/05 (the Regulation).



Governance

The TICO Board of Directors consists of fifteen members. There are three individuals appointed by the Association of Canadian Travel Agencies (ACTA), three from the Canadian Association of Tour Operators (CATO), one from the Ontario Motor Coach Association (OMCA), one from the Canadian Institute of Travel Counsellors (CITC) and four appointed by the Minister of Government Services. There are also three members that are elected by the industry at large. (See Appendix II)

Remuneration of Board and Committee Members (Per Diems)

TICO’s by-laws provide for the remuneration of Directors. TICO’s Remuneration Policy provides for the following per diem levels:

Board Meetings:	
Chair	\$350
Vice-Chair	\$275
Member	\$225

The remuneration policy for committee meetings for board members and non-board members is as follows:

Committee Meetings:	
Committee Chair	\$225
Committee Member	\$175
Director under the TIA	\$5,000/annum
(where Director is not an employee)	

The per diem is the amount payable for work periods in excess of three hours. If the work period is less than three hours, one-half of the established per diem is paid. Preparation time may be included in the calculation of hours. In addition, board and committee members may claim for travelling expenses such as mileage or accommodation for which set rates have been approved.

Travel Compensation Fund

Background on the Ontario Travel Compensation Fund

In 1975, the Government of Ontario passed the *Travel Industry Act*. This legislation provides the legal basis for the Compensation Fund and ensures that every registered travel business in Ontario participates in the Fund. Section 50 of Part III of the current Regulation (O. Reg. 26/05) enacted pursuant to the *Travel Industry Act, 2002* states: “Every registrant shall participate in the Fund.”

A registrant is defined as a travel agent or a travel wholesaler who is registered as a travel agent or a travel wholesaler or as both under the *Travel Industry Act, 2002*. A travel agent is defined as a person who sells to consumers, travel services provided by another person. A travel wholesaler is defined as a person who acquires rights to a travel service for the purpose of resale to a travel agent or who carries on the business of dealing with travel agents or travel wholesalers for the sale of travel services provided by another person.

Management of the Compensation Fund

The Regulation relating to the Compensation Fund sets forth in detail the operation and management of the Fund.

Section 52 of Ontario Regulation 26/05 provides that the affairs of the Compensation Fund shall be administered and managed by the TICO Board of Directors.

Section 52(2) of Ontario Regulation 26/05 requires that TICO shall hold all money in the Fund in trust for the benefit of claimants whose claims for compensation the Board of Directors approves in accordance with this Regulation.

Section 73 of Ontario Regulation 26/05 allows the costs of administering the Compensation Fund to be paid from the Fund.

Fund Financing

The Compensation Fund is totally financed by Ontario registrants. During the early part of the

fiscal year, registered travel agents paid to TICO the greater of \$25 or 25¢ per \$1,000 of sales and registered travel wholesalers paid the greater of 50¢ per \$1,000 of sales, both on a semi-annual self assessment basis. These payments were to be made within forty-five days of the end of the registrant’s fiscal and fiscal half-year.

In June 2006, the TICO Board of Directors passed a Payment Schedule for Compensation Fund payments, which reduced the contribution rates for both registered travel retailers and travel wholesalers. The Payment Schedule requires registered travel retailers and registered travel wholesalers to pay the greater of \$25 or 5¢ per \$1,000 of sales, both on a semi-annual self assessment basis. These payments are to be filed with TICO within 90 days of the end of each fiscal half year (previously 45 days).

Surplus Funds

The Corporation may invest any funds of the Compensation Fund, which are surplus to the immediate requirements of TICO, in securities provided for under sections 26 and 27 of the *Trustee Act*.

Claims

The Compensation Fund reimburses customers of registered travel agents for eligible claims arising from the bankruptcy or insolvency of an Ontario registrant or arising from the failure of an end supplier airline or cruise line. The Board of Directors determines whether a claim or a part of one meets the requirements of the Regulation and determines the eligible amount of the claim. Claims must be submitted in writing to the Board within six months after the relevant registrant or end supplier becomes bankrupt or insolvent or ceases to carry on business. The maximum payout for claims arising out of an event is \$5 million in total. The maximum payout per person is \$5,000.

The Director under the *Travel Industry Act, 2002* may direct payment out of the Fund of up to an

additional \$2 million where immediate funds and facilities are necessary for the repatriation and accommodation of customers of registrants who are outside of Ontario. When customers of registrants are preparing for immediate departure and have been placed in circumstances where funds are required to alleviate suffering or to protect the interests of the Fund, the Board, with the approval of the Director, may pay out of the Fund an amount sufficient to enable such departure, up to a maximum of \$5,000 per person.

Appeal of Decisions

Claimants are entitled to appeal a decision of the Board of Directors to the Licence Appeal Tribunal. Decisions of the Tribunal may be further appealed to the Divisional Court of Ontario.

Financial Inspections

TICO operates a risk management programme, which includes financial inspections of registrants carried out under the direction and control of the Registrar, *Travel Industry Act, 2002*. The objective of the programme is to identify as early as possible any risk registrants and to work with these registrants to ensure compliance with the Act and Regulation. Through early identification of risk registrants, TICO attempts to minimize potential claims against the Fund and disruption to consumer travel. The programme consists of an annual review of the financial statements of all registrants, a more frequent review of the financial statements of larger registrants and site inspections. The programme is proactive as TICO visits all new registrants to ensure their understanding of the Act and Regulation and compliance requirements.



TICO Committees

TICO has established eleven committees to oversee various responsibilities and undertake a variety of tasks. These committees have different mandates which include the following:

Executive Committee

(Chair: Denise Heffron)

- 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: Bruce Fraser)

- Review TICO's internal controls.
- Review accounting and investment policies on an annual basis.
- Review quarterly investment report and financial statements.
- Review audited financial statements and recommend their approval to the Board.
- Confer with TICO's auditors as required, to discuss examination into the financial affairs of TICO.
- Make recommendations to the Board with respect to the appointment and remuneration of external auditors.
- Review insurance coverage annually.
- Review TICO's annual budget.

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: Bruce Fraser)

- 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 challenges posed by regulating the sale of travel services in an e-commerce environment and provide 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.

Travel Industry Act, 2002 Minimum Education Standards Committee
(Chair: Mike Foster)

- Determine the curriculum for the *Travel Industry Act, 2002* Minimum Education Standards for travel counsellors and supervisor/managers and identify the type of information that should be covered in the minimum standards curriculum at each level.
- Oversee the development of the *Travel Industry Act, 2002* Minimum Education Standards Curricula including reviewing, testing and approval.
- Determine how the *Travel Industry Act, 2002* Minimum 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 Minimum Education Standards.
- Develop a communications plan for the delivery of Minimum Education Standards.
- Devise a plan to enforce the standards.
- Ensure the *Travel Industry Act, 2002* Minimum 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 Services on policy and legal issues.
- Securing and managing stakeholder input.
- Working with the Ministry of Government Services to move the recommendations forward through the legislative process.
- Develop 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)

- Determine and articulate TICO's governance model.
- Clarify the Board's role, purpose, core values and responsibilities.
- Review current board member recruitment process including criteria and the election process.
- Communicate board member criteria to groups eligible to make appointments to the Board.
- Conduct an annual review of the Board of Directors Code of Conduct.
- Develop a Board and Committee Attendance Policy including a process to deal with attendance problems.
- Examine the issue of board member retention and review of remuneration.
- Review TICO's Board and Committee Structure.

- Develop a system for evaluating the Board's performance.
- Devise a set of basic performance benchmarks to measure board effectiveness.
- Develop a work plan to enhance Board performance.
- Communicate results of board evaluation.
- Review TICO's Board Orientation Process.
- 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 Accomplishments 2006/2007

BUSINESS PLAN OBJECTIVES	PERFORMANCE MEASURES 2006/2007	ACTIVITIES & ACCOMPLISHMENTS
<p>Adjust current funding model to ensure that appropriate revenue is generated to finance TICO initiatives and meet the needs of the Compensation Fund.</p>	<p>Use the results of an Actuary Report to determine the appropriate level of the Compensation Fund.</p>	<p>Results of the Actuary Report used to determine the appropriate level of the Compensation Fund to provide sufficient protection for consumers.</p>
	<p>Complete a consultation process with stakeholders on proposed changes to fund assessment rates and registration and renewal fees.</p>	<p>Distributed a Consultation Paper outlining the proposed Rate Reform to all registrants requesting feedback. Consultation Paper, FAQ's on Rate Reform as well as Industry Advisories and Press Releases distributed and posted on TICO website. Meeting of Members held on July 25, 2006 to announce proposed Rate Reform and obtain feedback from stakeholders. The Board reviewed feedback received from stakeholders.</p>
	<p>Develop new Compensation Fund assessment rates.</p>	<p>An Actuary Report was provided to the Ministry of Government Services to support TICO's proposal to decrease Compensation Fund assessment rates to 5¢ per \$1,000 of sales for both registered travel retailers and registered travel wholesalers on sales on or after April 1, 2006.</p> <p>TICO internal processes were amended and implemented.</p>
	<p>Develop new registration and renewal fees.</p>	<p>Effective September 1, 2006, TICO's registration and renewal fees were increased. Renewal fees are based on reported sales in Ontario during the registrant's previous fiscal year. Further details are reported on page 28.</p>
<p>Implement <i>Travel Industry Act, 2002</i> Minimum Education Standards</p>	<p>Finalize curricula for <i>Travel Industry Act, 2002</i> Minimum Education Standards for travel counsellors and for supervisor/managers.</p>	<p>Study Manual for travel counsellor and supervisor/manager level in final stages of development.</p> <p>Exam questions for both travel counsellor and supervisor/manager level to be finalized.</p> <p>Proctor's Guide in final stages of development.</p>

Business Accomplishments 2006/2007

BUSINESS PLAN OBJECTIVES	PERFORMANCE MEASURES 2006/2007	ACTIVITIES & ACCOMPLISHMENTS
Implement <i>Travel Industry Act, 2002</i> Minimum Education Standards (continued)	Initiate plan for implementation of <i>Travel Industry Act, 2002</i> Minimum Education Standards.	Implementation plan for <i>Travel Industry Act, 2002</i> Minimum Education Standards to be finalized.
	Continue TICO's Communications Plan for <i>Travel Industry Act, 2002</i> Minimum Education Standards.	Development and implementation of a communications plan for <i>Travel Industry Act, 2002</i> Minimum Education Standards is ongoing. Worked with CITC to develop updated FAQ's on <i>Travel Industry Act, 2002</i> Minimum Education Standards. FAQ's made available to registrants and posted on the TICO website.
	Educate stakeholders on <i>Travel Industry Act, 2002</i> Minimum Education Standards.	Education of stakeholders on <i>Travel Industry Act, 2002</i> Minimum Education Standards is in progress.
	Initiate plan to enforce <i>Travel Industry Act, 2002</i> Minimum Education Standards.	Establishment of plan to enforce <i>Travel Industry Act, 2002</i> Minimum Education Standards is in progress.
Develop and Implement Discipline Process	Draft new mandatory Code of Ethics.	Drafting of new mandatory Registrant Code of Ethics is underway.
	Finalize discipline process for non-compliance. This process will involve the assessment of monetary penalties for infractions.	Development of TICO Discipline process is underway.
	Consult with stakeholders on the proposed discipline process.	Consultation with stakeholders not completed as discipline process still in developmental stages.
	Implement discipline process for non-compliance.	Implementation plan not commenced as discipline process still under development.
Explore Alternate Sources of Revenue to Finance the Compensation Fund	Determine at what level the Fund should be maintained to ensure adequate protection for consumers based on Actuary Report.	Actuary Report completed and used to evaluate the appropriate level of the Compensation Fund. The results indicated that the level of the Compensation Fund should be maintained between \$20 - \$25 million, which includes \$10 - \$15 million to guard against registrant failure and an additional \$10 million in the event of end supplier airline or cruise line failure.

BUSINESS PLAN OBJECTIVES	PERFORMANCE MEASURES 2006/2007	ACTIVITIES & ACCOMPLISHMENTS
<p>Explore Alternate Sources of Revenue to Finance the Compensation Fund (continued)</p>	Identify key areas of risk in registrant business practices.	Identified key areas of risk in registrant business practices and considered steps that could be taken to reduce those risks.
	Consider steps that could be taken to reduce those risks.	
	Develop recommendations on alternate sources of financing the Compensation Fund.	Continued to explore travel protection schemes in other jurisdictions to assist with recommendations for alternate financing of Ontario's Travel Compensation Fund.
	Reduce Compensation Fund assessment rates for registrants.	In June 2006, Compensation Fund assessment rates were reduced to 5¢ per \$1,000 sales for both registered travel retailers and registered travel wholesalers.
<p>Increase Consumer and Registrant Education and Awareness</p>	Implement TICO's Communications Plan to advise all stakeholders of the changes to the <i>Travel Industry Act, 2002</i> and Ontario Regulation 26/05.	TICO's Communications Plan to advise all stakeholders as to the changes to the <i>Travel Industry Act, 2002</i> and Ontario Regulation 26/05 implemented and ongoing. Information available on TICO's website as well as communicated to stakeholders during day to day operations.
	Continue radio and television campaign promoting the benefits of purchasing travel services from Ontario registrants.	Continued television and radio ad campaign promoting consumer awareness of TICO and benefits of dealing with Ontario registrants with the use of the tag line: " <i>Always Look for the TICO sign when you book your travel time.</i> "
	Encourage registrants to display collateral materials, for example, posters to support TICO's radio and television campaign.	Distributed collateral materials to registrants and continued to encourage registrants in the TICO Talk newsletter and on TICO's website to support TICO's Consumer Awareness Campaign by displaying and distributing collateral materials to consumers to increase awareness.
	Participate at travel related consumer shows providing educational literature.	TICO participated at seven 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.
	TICO to conduct radio and television interviews to promote knowledge of TICO.	Conducted six media interviews and six speaking engagements promoting knowledge of TICO.

Business Accomplishments 2006/2007

BUSINESS PLAN OBJECTIVES	PERFORMANCE MEASURES 2006/2007	ACTIVITIES & ACCOMPLISHMENTS
<p>Increase Consumer and Registrant Education and Awareness (continued)</p>	<p>Obtain editorial coverage and place ads in the press aimed at promoting consumer awareness.</p>	<p>Produced a weekly Travel Registrar Q&A column in the National Post newspaper.</p> <p>Sponsored the month of September in the Ministry of Government Services' 2007 Smart Consumer Calendar. The calendar contains valuable consumer protection information and tips on how to avoid fraud in the marketplace. The Smart Consumer Calendar is distributed to over 200,000 consumers across Ontario.</p>
<p>Liaise with Other Jurisdictions to Eliminate Gaps in Consumer Protection</p>	<p>Contact provincial counterparts, industry associations and consumer groups to garner support for more consumer protection with respect to airlines at the federal level.</p>	<p>Continued to work with the Traveller's Protection Initiative (TPI) to advocate for changes at the federal level with respect to federal regulations pertaining to airlines.</p>
<p>Continue to advocate for changes at the federal level and specifically with respect to federal regulations pertaining to airlines.</p>	<p>Submission was provided by TPI to the Federal Standing Committee on Transport in relation to the proposed changes to the <i>Canada Transportation Act</i>, specifically in respect to airline advertising.</p>	
<p>Keep abreast of proposed changes to travel legislation in other provinces.</p>	<p>Continued to keep informed of proposed changes to travel legislation in other provinces.</p>	
<p>Promote the benefits of having harmonized standards in the travel industry across Canada.</p>	<p>Met with representatives of travel trade associations and governments in Alberta, Prairie Provinces and Maritime Provinces to discuss the feasibility of introducing harmonized standards in those provinces.</p>	
<p>Finalize Guidelines for the establishment of Business Relationships for carrying out non-delegated activities (Schedule "J" to Administrative Agreement). This would enable TICO to explore business opportunities to export the TICO model beyond the scope of Ontario.</p>	<p>Completed Schedule "J" to the Administrative Agreement.</p>	

Continuing Business Objectives 2006/2007

BUSINESS PLAN OBJECTIVES	CONTINUING PERFORMANCE MEASURES 2006/2007	ACTIVITIES & ACCOMPLISHMENTS
Assess Effectiveness of What TICO has Done to Date	Continue to distribute consumer surveys to assess TICO's operational effectiveness in the area of claims processing and complaint handling.	Continued to distribute consumer surveys to assess TICO's operational effectiveness in the area of claims processing and complaint handling.
	Report results of completed consumer surveys.	Results of completed consumer surveys are reported on pages 17 and 22.
	Review the results and implement changes to procedures if necessary.	Reviewed the results of the completed consumer surveys. The results will be used to make improvements to TICO's process, where appropriate. Further details are reported on page 17.
Maintain and Improve Operational Efficiency	Continue to enhance TICO's Information Management System.	Enhancements to TICO's Information Management System were completed. Additional changes are underway due to changes in the Compensation Fund assessment rates and registration and renewal fees.
	Continue to analyze consumer survey results to assess opportunities to improve TICO's operational effectiveness in the area of claims processing and complaint handling.	Survey results have been analyzed. Changes in procedures are underway to enhance complaint processing turn around times.
	Review TICO's internal procedures and make amendments to policies to keep up to date.	TICO's internal procedures were reviewed and amendments made to policies in relation to the processing of Compensation Fund assessments and registration and renewal applications in response to the rate reform.
	Review TICO's Privacy Policy and TICO's internal processes to determine where enhancements could be made to better ensure privacy is protected.	Reviewed TICO's Privacy Policy and TICO's internal processes. No changes were made to the policy in the last year.

Continuing Business Objectives 2006/2007

BUSINESS PLAN OBJECTIVES	CONTINUING PERFORMANCE MEASURES 2006/2007	ACTIVITIES & ACCOMPLISHMENTS
<p>Maintain and Improve Operational Efficiency (continued)</p>	<p>Complete TICO's internal Disaster Recovery Plan which will set out policies and procedures for TICO in the event of a disaster.</p>	<p>Retained a consultant to assist in the development of the Disaster Plan which is underway.</p> <p>Completed Disaster Recovery Plan Testing for the recovery of TICO's internal Information Management Systems in the event of a disaster.</p>
	<p>Meet the terms of the Administrative Agreement.</p>	<p>Met the terms of the Administrative Agreement with the Ministry of Government Services by maintaining operations and systems for effectively administering the Act and Regulation in accordance with TICO's mandate.</p>
<p>Communications and Government Liaison</p>	<p>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.</p>	<p>Prepared and distributed a quarterly newsletter (TICO Talk) to all registrants and distributed Industry Advisories and Registrar Bulletins on significant issues.</p>
	<p>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.</p>	<p>Maintained TICO website and provided timely online information to benefit stakeholders. Information provided included communication items such as FAQ's on the Minimum Education Standards Programme, FAQ and Advisories in relation to Rate Reform, Press Releases, Guidelines, Business Plan, Annual Report and the TICO Talk Newsletter.</p>
	<p>Improve TICO communications with stakeholders by implementing internal broadcast email capability</p>	<p>TICO has acquired the capability of communicating with registrants via broadcast email.</p>
	<p>Continue to liaise with the Ministry of Government Services on issues that require TICO's input.</p>	<p>TICO has continued to liaise with the Ministry of Government Services on issues that require TICO's input and participated in regular liaison meetings.</p>



BUSINESS PLAN OBJECTIVES	CONTINUING PERFORMANCE MEASURES 2006/2007	ACTIVITIES & ACCOMPLISHMENTS
Communications and Government Liaison (continued)	Continue to communicate and restate Code of Ethics to all Registrants. Update and keep current TICO's website with information to benefit stakeholders.	Continued to communicate and restate TICO registrant Code of Ethics through TICO's website and TICO Talk Newsletter.
	Make available a Business Plan to all stakeholders by June 30, 2006	Provided Business Plan for 2006-2009 to stakeholders.
	Work with the Ministry of Government Services to finalize outstanding items on the Administrative Agreement.	Archives Agreement to be finalized.

Operational Performance Review

Registration

On March 31, 2007, there were a total of 2,786 registrations with TICO (Fig. 1). This total is comprised of 2,337 retail travel agencies, who sell travel services directly to consumers and 449 travel wholesalers, who sell travel product through travel retailers (Fig. 2).

A total of 1,812 registrations were processed under the *Travel Industry Act, 2002* in 2006/2007, which included 281 new registrations (Fig. 3) and 1,531 renewals (Fig. 4). Effective September 01, 2006, renewals of registrations were changed from bi-annual to annual to coincide to the registrant's fiscal year ends.

Complaints

TICO handled 182 written consumer complaints in 2006/07 compared to 188 in the previous year (Fig. 5). In processing these complaints, TICO successfully assisted consumers in obtaining \$56,678.21 in restitution compared to \$49,665.07 the previous year. In addition, TICO handled 2,262 telephone complaint inquiries and 181 email complaint inquiries.

The top 10 types of written complaints received at TICO in 2006/2007 were:

1. Incomplete or incorrect information provided to the consumer by the registrant. (i.e. information regarding the travel product or services being sold.)
2. Misrepresentation of travel services by registrant in an advertisement or brochure.
3. Consumer dissatisfaction with services or accommodation in destination (quality of service issues).
4. Outstanding refunds.
5. Incorrect ticketing/ticketing errors.
6. Cancellation/Terms & Conditions.
7. Invoicing issues.
8. Information/Documentation. Issues related to travelling with passports and other travel documents.

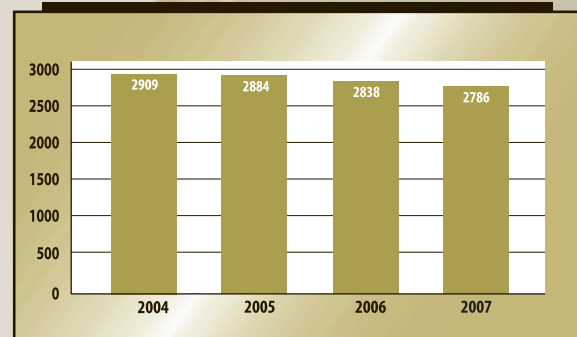


Figure 1: Total Registrations under *Travel Industry Act, 2002*

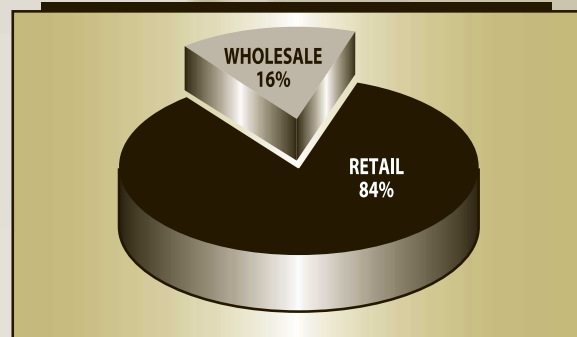


Figure 2: Breakdown of Registrations

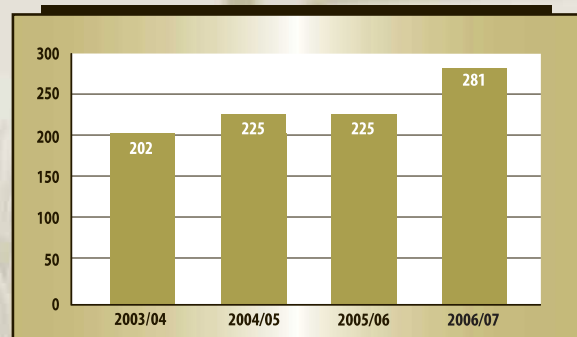


Figure 3: Total New Applications Processed

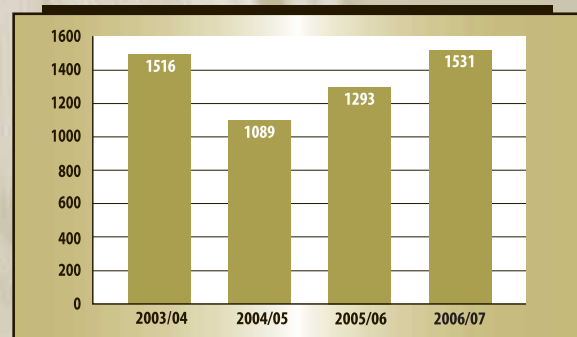


Figure 4: Total Renewal Applications Processed

- 9. Customer service issues.
- 10. Accommodation purchased by the consumer changed and not provided in destination.

Consumer Survey Results – Complaints Process

During the fiscal year 2006/07, TICO distributed consumer surveys to 182 consumers who filed complaints against registrants with TICO inviting feedback as to their experience with TICO’s complaint’s process. At the end of March 2007, there were 26 completed surveys returned to TICO.

The results of the 26 completed surveys received are as follows:

When asked to rate their overall satisfaction with TICO’s handling of their complaint, 12 consumers advised they were satisfied and 14 consumers were dissatisfied.

When asked to rate their satisfaction with the fairness of the process, 9 were satisfied; 17 were dissatisfied.

TICO reviewed the survey results and established that some of the consumers who expressed dissatisfaction had filed a complaint which contained issues that are not covered by the legislation and therefore were outside the scope of TICO. As such, TICO was unable to assist them.

In other cases, TICO was able to identify possible contravention(s) of the Act and/or Regulation on behalf of the registrant(s) involved and these issues were referred to TICO’s Compliance Department for further review. As a result, TICO requires registrants to initiate corrective measures in an effort to prevent similar situations from affecting future travelers. However, such referrals are not directed at obtaining compensation for specific complaints. It should be noted that TICO does not have the authority to settle a dispute, or to impose a settlement.

In the survey results, some consumers expressed their dissatisfaction with TICO not having the authority to settle a dispute, or to impose a settlement in complaint matters. TICO is in the process of developing a Discipline Process, including a

mandatory Code of Ethics for Registrants that will provide TICO with a mechanism to impose penalties against a registrant in the event of a contravention of the Act and Regulation. While the registrant may be subject to a penalty, this process may not result in any compensation to the consumer.

Survey results also indicated dissatisfaction regarding complaint processing turnaround times. Turnaround times may vary considerably depending on the completeness of the information provided by complainants and registrants. TICO is striving to improve upon these turnaround times.

Financial Inspections

Under the direction of the Registrar, the Travel Industry Council of Ontario is responsible for conducting a financial inspection programme. All registrant financial statements are subject to a bench review to ensure compliance with the financial standards required by regulation. The bench review process produces information, which may determine those registrants that should receive site inspections (Fig. 6).

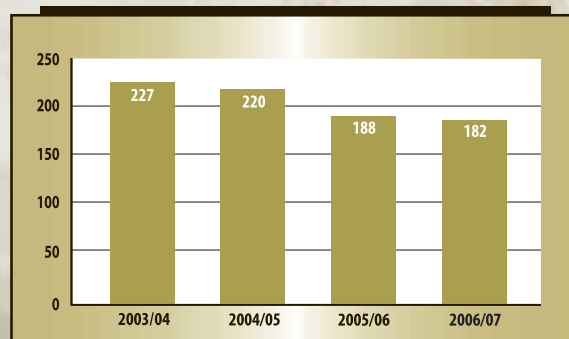


Figure 5: Written Complaints Handled

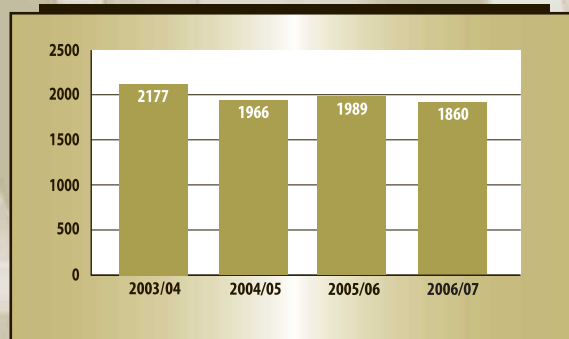


Figure 6: Total Financial Bench Reviews

During the fiscal period 2006/2007, TICO completed 742 site inspections compared to 550 in the prior year. (Fig. 7) Due to a regulation change in July 2005, all registrants are now required to maintain trust accounting. The increase in site inspections over the prior year is due to a special project to visit all registrants that were previously grandfathered from the trust accounting requirement.

Non - Financial Inspections

TICO performed 39 compliance site inspections during the 2006/2007 fiscal year to address various issues such as advertising, invoicing and operating without registration. In 2006/2007, a total of 122 warnings for operating without registration (Fig. 8) and 141 advertising warnings (Fig. 9) were issued to registrants and/or individuals who appeared to be carrying on business in contravention of the *Travel Industry Act, 2002* and Ontario Regulation 26/05. Advertising warnings decreased by 33% compared to the prior year. In addition, 755 invoicing warnings (Fig. 10) were issued to registrants who did not provide proper invoices and/or receipts in accordance with the Regulation. Invoice warnings increased over 200% compared to the prior year. The increase in warnings for invoicing was a result of the changes to the Regulation, which came into force on July 1, 2005. Invoicing deficiencies are forwarded to the Compliance Department from consumer complaints, financial inspections and claims.

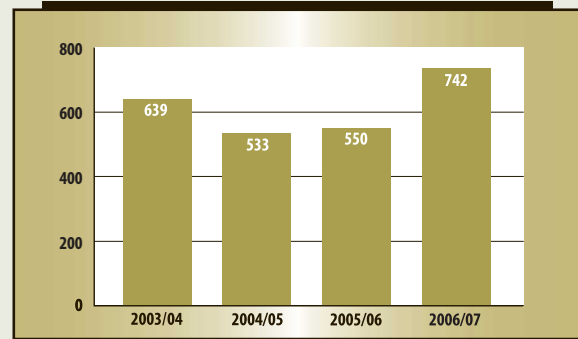


Figure 7: Financial Site Inspections

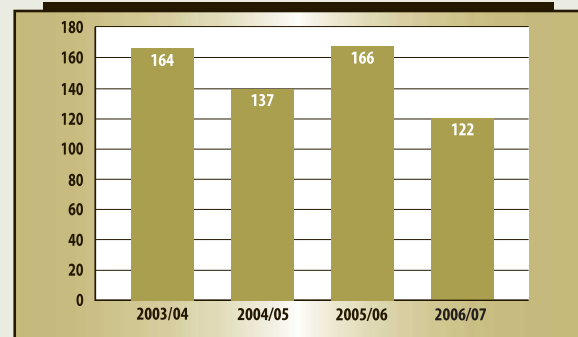


Figure 8: Total Warnings Issued for Operating without Registration

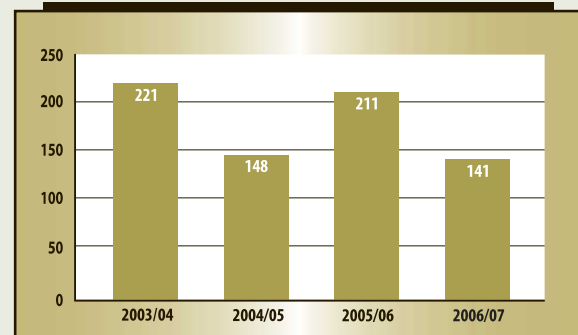


Figure 9: Total Warnings Issued for Advertising

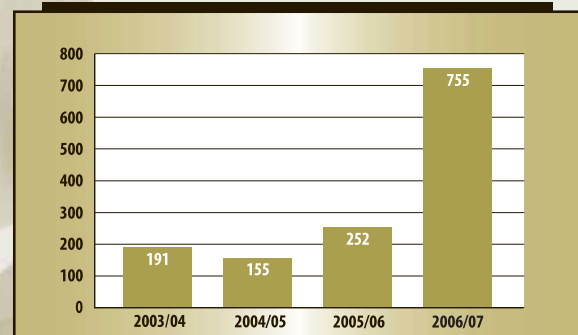


Figure 10: Total Warnings Issued for Invoicing

Travel Compensation Fund

Claims and Repatriation

Claims paid during the fiscal year ended March 31, 2007 compared to the previous year ended March 31, 2006 were as follows:

	<u>2006/07</u>	<u>2005/06</u>
Number of claims paid	160	294
Number of consumers assisted	1556	770
Claims paid - Registrant failure	\$ 887,033	\$ 228,337
Claims paid - End supplier failure	\$ 85,633	\$ 160,217
Total Claims paid	\$ 972,666	\$ 388,554
Repatriation	\$ —	\$ —
Less recoveries	\$ (57,190)	\$ (43,574)
Net claims paid	<u>\$ 915,476</u>	<u>\$ 344,980</u>

Repatriation

There were no consumers repatriated during the 2006/2007 fiscal year.

Closures in 2006/07 Resulting in Significant Claims Paid

1091873 Ontario Inc o/a One Step Travel o/a Student Escape Tours

On October 10, 2006, 1091873 Ontario Inc. operating as One Step Travel and its retail branch office operating as Student Escape Tours voluntarily terminated its registration to operate as a travel retailer under the Ontario *Travel Industry Act, 2002*. One Step Travel sold mainly packaged holidays to various destinations and Student Escape Tours specialized in selling packaged holidays to the student market. During the year ended March 31, 2007, a total of \$662,040 was paid out of the Compensation Fund, assisting 449 consumers.

G&P Travel Ltd.

On June 12, 2006, G&P Travel Ltd. voluntarily terminated its registration to operate as a travel

retailer under the Ontario *Travel Industry Act, 2002*. G&P Travel Ltd. sold mainly air and packaged holidays to various destinations. During the year ended March 31, 2007, a total of \$52,700 was paid out of the Compensation Fund, assisting 49 consumers.

Baldwin Travel & Tours Ltd.

On October 10, 2006, TICO revoked the licence of Baldwin Travel & Tours to operate as a travel retailer under the Ontario *Travel Industry Act, 2002*. Baldwin Travel & Tours sold mainly air and packaged holidays to various destinations. During the year ended March 31, 2007, a total of \$45,322 was paid out of the Compensation Fund, assisting 34 consumers.

Hillcrest Tour Group Ltd.

On September 14, 2006, Hillcrest Tour Group Ltd. voluntarily terminated its registration to operate as a travel wholesaler under the Ontario *Travel Industry Act, 2002*. Hillcrest Tour Group Ltd. sold mainly packaged holidays to various destinations. During the year ended March 31, 2007, a total of \$21,580 was paid out of the Compensation Fund, assisting 28 consumers.

Other Closures

Although some entities ceased operations in previous years, some still resulted in claims paid during the 2006/07 fiscal year.

African Wings Travel & Tours

On March 07, 2006 African Wings Travel & Tours voluntarily terminated its registration to operate as a travel retailer and as a travel wholesaler under the Ontario *Travel Industry Act, 2002*. African Wings Travel & Tours sold mainly air and packaged holidays to various destinations. During the year ended March 31, 2007, a total of \$73,510 was paid out of the Compensation Fund, assisting 52 consumers.

Canada 3000 Airlines

Canada 3000 Airlines, a non-registrant end supplier airline ceased operations on November 09, 2001. The amendment to Ontario Regulation 806/93 in January 2002 allowed end supplier claims against the Compensation Fund. On March 17, 2003, the Trustee in Bankruptcy for Canada 3000 Airlines declared that there would be no payments from the

estate of Canada 3000 Airlines. This allowed TICO to commence its claims process and claims were distributed to Canada 3000 Airlines claimants with a claim filing deadline of September 18, 2003. During the year ended March 31, 2007, an additional \$84,166 was paid out of the Compensation Fund. The total claims paid to date for this failure is \$992,748.



**SUMMARY OF CLOSURES RESULTING IN CLAIMS AGAINST
THE COMPENSATION FUND AND CORRESPONDING RECOVERIES**

REGISTRANTS	CLAIMS PAID 2006/07 \$	RECOVERIES 2006/07 \$	CLAIMS PAID 2005/06 \$	RECOVERIES 2005/06 \$
African Wings Travel & Tours (R) (W)	73,510			
Airpool 2000 Travel Services Inc (R)			11,107	
Amazonas Travel Agency Inc (R) (W)		2,700		3,600
Amrals Travel Canada Ltd (R)		6,600		9,600
Baldwin Travel & Tours (R) (W)	45,322			
Canada 3000 Airlines *	84,166		8,586	
Ceylon Tours & Travel Inc (R)	1,375		105,080	
Ella's Travel (R)			18,459	
Exotique Expeditions (R)	6,771			
Festival Cruises *			57,460	
Global Getaways Travel (R)	5,773	5,773		
G & P Travel (R)	52,700			
Hillcrest Tour Group (W)	21,580			
Jes` Hue Travel (R)	5,389			
Jetsgo *	2,538		94,171	50
Jubba World Travel (R)	125		4,920	
Maxsaver International Tours Inc (R) (W)			895	
Northumberland Travel (R)	2,375			
One Step Travel / Student Escape Tours (R)	662,040			
Premier Holidays (R) (W)		12,714		20,000
Prespa Travel (R)	6,180	10,000	5,840	
Renaissance Cruises*		17,505		
Rosa Franzini Travel (R)				3,817
Royal Olympic Cruises *	1,467			
Shalom K Tours (R)		578		
Travel Designers (R)	1,355			
Travel Route (R) (W)			6,474	
Travel Way Services (R)			67,320	
Travelpack Marketing (R) (W)		1,320	8,242	1,320
The Ultimate Travel Brokers (R)				5,187
TOTAL CLAIMS PAID (GROSS)	\$ 972,666	\$ 57,190	\$ 388,554	\$ 43,574

(R) = Retailer (W) = Wholesaler
 (*) = Non-registrant End Supplier (Airline or Cruise line)

Note: Recoveries listed may relate to claims paid out in previous years.

Figure 11 illustrates the total claims paid by the Fund over the last four years. In 2003/04 and 2004/05, more claims had been paid out of the Fund as a result of end supplier failures compared to TICO registrant failures. The Regulation was amended on January 1, 2002 to allow end supplier claims against the Fund. However, in 2005/06 and in 2006/07 more claims were paid out as a result of registrant failures than due to the failure of an end supplier (Fig. 12). Recoveries received by TICO in 2006/2007 were \$57,190 compared to \$43,574 recovered in 2005/2006.

Contributions to the Fund from registrants (Fig. 13) have decreased by \$1,567,104 compared to 2005/2006. The decrease in contributions to the Fund is attributed to the reduction in assessment rates as set by the Board in June 2006.

Consumer Survey Results – Claims Process

During the fiscal year 2006/07, TICO distributed consumer surveys to 1,556 consumers who filed claims against the Compensation Fund inviting feedback on their experience with TICO's claims process. At the end of March 2007, one completed survey was returned to TICO.

The results of the completed survey received were as follows:

When asked to rate their overall satisfaction with TICO's handling of their claim, and the fairness of the process, the consumer indicated that he/she was very satisfied.

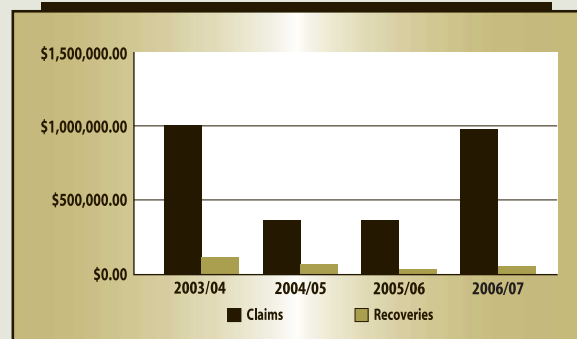


Figure 11: Total Claims paid and Recoveries to the Fund

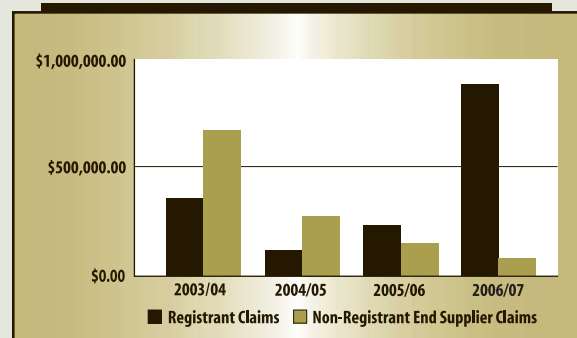


Figure 12: Registrant Claims vs Non-Registrant End Supplier Claims

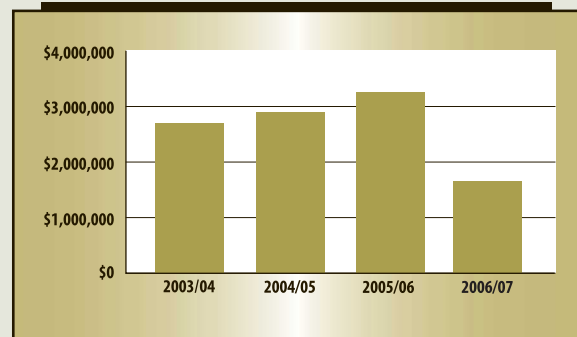


Figure 13: Contributions to the Fund

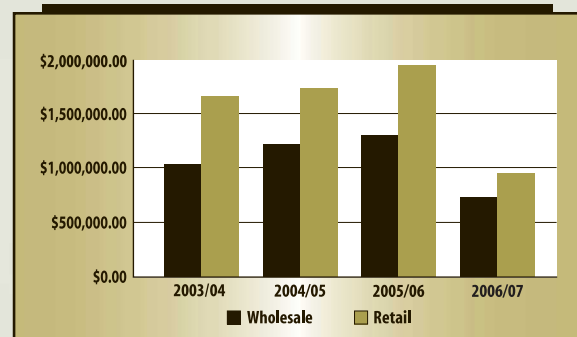


Figure 14: Contributions on the Fund - Retail vs Wholesale

Legal Matters

Claims

The Licence Appeal Tribunal (LAT) hears appeals from decisions of the Board relating to the eligibility of claims for payment from the Compensation Fund. During the year ended March 31, 2007, LAT held hearings regarding 3 appeals. LAT upheld two of the decisions of the Board to disallow the claims and the third LAT decision was still pending as of March 31, 2007.

Investigations and Prosecutions

TICO will initiate and perform investigations when it becomes apparent that there may have been a breach of the legislation, which can result in charges being laid under the statute. Investigations conducted in 2006/2007 have resulted in the following prosecutions:

Nazimuddin Kazi and Airpool 2000 Travel Services Inc. were each convicted of 2 counts of acting as a travel agent without registration contrary to section 3(1) of the *Travel Industry Act* after the registration was revoked, and 7 counts of failing to maintain trust accounts contrary to section 36 of Ontario Regulation 806/93. Mr. Kazi was fined \$1,000 and sentenced to 2 years probation, which included restitution to consumers and TICO in the amount of \$28,215. Airpool 2000 Travel Services Inc. received a suspended sentence.

Jean-Vianel Saint-Pierre was convicted of one count of acting as a travel agent without registration contrary to section 4(1)(a) of the *Travel Industry Act, 2002*. Mr. Saint-Pierre was fined \$3,000 and sentenced to 2 years probation.

Donatella Iacobucci was convicted of one count of acting as a travel agent without registration contrary to section 3(1) of the *Travel Industry Act*. Ms. Iacobucci was sentenced to 1 year probation, including 25 hours of community service and payment of restitution to consumers in the amount of \$104.

William Cockburn, formerly of 1163954 Ontario Inc. o/a Ultimate Travel Brokers was convicted of one count of breaching his probation under Section 75 of the Ontario *Provincial Offences Act*. During an ex-parte trial, Mr. Cockburn was found guilty of breaching his probation order by failing to pay restitution in the amount of \$273,353.27 to TICO. Mr. Cockburn had previously been convicted on November 7, 2002 of failing to maintain trust accounts contrary to section 36 of Ontario Regulation 806/93. Mr. Cockburn was sentenced to 30 days in jail and a warrant was issued for his arrest.

Austin Shaw was convicted of one count of acting as a travel agent without registration contrary to section 3(1) of the *Travel Industry Act*. Mr. Shaw received a suspended sentence and was ordered to 2 years probation during which he is to serve 160 hours of community service and to make restitution in the amount of \$1,100 to consumers.

Mr. Suthakaran Kumarasamy, a director, manager and shareholder of Ceylon Tours and Travels Inc. was convicted of one count of failing to maintain trust accounting contrary to section 36(6) of Ontario Regulation 806/93 made under the *Travel Industry Act*. Mr. Kumarasamy was fined \$1,000 and sentenced to a two year period of probation during which he is to make restitution to TICO in the amount of \$11,000.

Hooshang Arashi was convicted of one count of willfully failing or refusing to comply with a Probation Order under section 75 of the Ontario *Provincial Offences Act*. The Probation Order stipulated that Mr. Arashi was to make restitution to consumers and travel suppliers in the amount of \$25,889.57 in accordance with a schedule of payments prepared by the Probation Officer. Mr. Arashi was previously convicted of acting as travel agent without registration contrary to section 3(1) of the *Travel Industry Act*. Mr. Arashi was sentenced to 30 days in jail to be served intermittently and consecutively on the weekends.

Proposals to Revoke Registration

A total of 65 proposals to revoke registration were issued during 2006/2007. The proposals were issued for the following reasons:

Failure to File Form 1 Contributions	9
Failure to File Financial Statements	30
Failure to maintain Working Capital	9
Other Breaches of the Act and Regulation	17

During the year, 30 registrations were revoked as a result of proposals issued. TICO was required to attend 3 pre-hearings and 5 hearings before LAT in response to the proposals issued to the registrants. Some proposals were settled prior to their scheduled hearing date. During the year, 26 proposals were withdrawn and 8 were settled by consent order. At the beginning of 2006/2007, there were 6 outstanding proposals and at the end of March 2007, there were 7 outstanding proposals.

Legislative and Regulatory Changes

There were several legislative and regulatory changes that impacted TICO over the last year. On June 16, 2006, a change was made to section 53 of Ontario Regulation 26/05 to reduce Compensation Fund contribution rates for travel agents and travel wholesalers. A few days later, on June 22, 2006, the *Good Government Act, 2006* received royal Assent. That statute amended the *Safety and Consumer Statutes Administration Act, 1996* to enable TICO to set the payments that travel agents and travel wholesalers are required to make to the Compensation Fund.

In response to the change, the TICO Board of Directors passed a Payment Schedule for Compensation Fund Contribution Rates. Pursuant to the Schedule, the contribution rate for travel agents and travel wholesalers is \$0.05 for every \$1,000 or part of \$1,000 of sales in Ontario made on or after April 1, 2006 plus applicable taxes. The contributions required under the Payment Schedule shall be made to TICO twice a year within 90 days after the end of each fiscal half year. The Payment

Schedule replaced the regulations made under the *Travel Industry Act, 2002* as they relate to Compensation Fund payments. Sections 53 and 54 of the Regulation relating to Compensation Fund contributions were revoked on March 6, 2007. The Regulation was also clarified to reflect that registrants are required to make payments to the Fund under clause 12 (1) (c) of the *Safety and Consumer Statutes Administration Act, 1996*.

On March 30, 2007, section 73.1 was added to the Regulation. This section allows the TICO Board of Directors to incur reasonable expenses for promoting public awareness of the Fund and the provisions of the Act and the Regulation relating to the protection of payments made by customers for travel services and providing information to the public on the procedure for making a claim for reimbursement from the Fund. The Board is entitled to have these expenses paid from the Fund. This is a very important change as previously all costs for TICO's Consumer Awareness Campaign were paid by TICO.

Complaint Handling Process

TICO staff receive numerous telephone and email enquiries on a daily basis including those from consumers, registrants, applicants, government and Industry stakeholders. TICO staff provides information with respect to consumer and business complaints, registration processes and acceptable business practice.

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 resolution of the complaint. When a mutually acceptable solution is not reached, complainants are provided with information regarding options to further pursue matters.

When TICO receives a complaint, it may be resolved in anywhere from a few hours over the telephone to a few weeks or a few months for a formal written complaint. The length of time varies depending on the complexity of the issues, the availability of feedback and documentation required, and the level of cooperation of those involved.

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

Complaints Committee

Consumers and registrants 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. The Committee also makes any recommendations with respect to TICO's complaint handling procedures that may arise from reviews of particular complaints. The Committee is composed of representatives of various stakeholders. During the 2006/2007 fiscal period, there were no complaints received against TICO.

Appeals against the Registrar's administrative decisions may proceed, as appropriate, to the Licence Appeal Tribunal. Complaints may be submitted to TICO by telephone, fax, mail or e-mail.



Consumer Awareness Campaign

In 1999, TICO launched a Consumer Awareness Campaign with a goal to educate consumers and promote awareness in Ontario about TICO, the Travel Compensation Fund and the protection available to consumers when they purchase their travel services from an Ontario registered retail travel agency. Since then, TICO has promoted awareness by using strategies that incorporated different forms of media such as television, radio and newspaper ad campaigns. The campaigns promoted the benefits of dealing with Ontario registrants and have used the tag line: "Always Look for the TICO sign when you Book your Travel Time." TICO attended consumer trade shows and distributed informational literature. Collateral materials such as posters, ticket stuffers and window decals were also distributed to allow Ontario registrants to participate in and support the Campaign.

TICO has measured its success each year by having an Omnibus Survey completed. Over the years, the survey has shown modest increases in consumer awareness. However, this year an Omnibus survey completed in March 2007 resulted in an increase to 46% consumer awareness of the existence of the Ontario Travel Industry Compensation Fund from 20% since the Campaign started in July 1999 and an increase to 43% consumer awareness of TICO compared to survey results of 40% the previous year. TICO is very pleased with these results and intends to continue to focus on increasing consumer awareness in Ontario and to promote the benefits and the protection available to consumers purchasing travel services through TICO registrants.

French Language Services

TICO receives minimal inquiries in the French language. When it does, it strives to respond to all inquiries received, whether oral or written. A comparable level of service will be provided in either language whenever and wherever demand and customer service warrant. TICO staff are able to communicate in several languages and provide both registrants and consumers with a timely, courteous and quality response to all French language enquiries. Correspondence received in French is responded to in French.



Financial Review

The financial review is based on the audited financial statements for the year ended March 31, 2007 with comparative figures for March 31, 2006.

Overview

As at March 31, 2007, the Net Assets of TICO were \$30,454,395 compared to \$30,367,817 for the year ended March 31, 2006. This small increase in Net Assets was a result of revenue exceeding expenses by \$86,578 for the year. Excess revenue for the year ended March 31, 2006 was \$1,972,936. While revenues have decreased in 2006/2007, expenses for the same period have increased essentially due to the increase in claims paid.

TICO is required to hold all Compensation Fund monies in trust. As of March 31, 2007 the assets held for the Fund were \$29,846,575 compared to \$29,675,566 as of March 31, 2006.

Revenue

Total Revenue for the year ended March 31, 2007 was \$4,042,709 and derived from semi-annual assessments based on gross sales of Registrants (\$1,684,265), applications for renewal of registrations (\$611,197) and from new applications for registration (\$381,637). A total of \$1,365,610 in investment income was earned during the year.

Semi-Annual Assessments

All registrants are required to pay into the Compensation Fund based on their gross travel sales. During 2006/2007, the contribution rate for both retail and wholesale registrants was reduced for sales made after April 1, 2006 to \$0.05 per \$1,000 of sales. Previously the rate for wholesale sales was \$0.50 per \$1,000 and the rate for the retail sales was \$0.25 per \$1,000. Revenue from semi-annual assessments decreased for 2006/2007 to \$1,684,265 from \$3,251,369 for 2005/2006. The following is the breakdown of revenue between wholesale and retail sales:

	<u>2007</u>	<u>2006</u>
Wholesale	\$ 741,838	\$1,286,780
Retail	942,427	1,964,589
	<u>\$1,684,265</u>	<u>\$3,251,369</u>

Registration Fees

Revenue from registration fees is derived from two sources: new registration fees and renewal fees. In September 2006, TICO introduced new rates for New Registration Fees and Renewals and changed the renewal period from 2 years to 1 year. New registration fees are \$2,750 for a head office and \$750 for a branch office and cover a one year period of registration. Previously New Registration Fees were \$2,375 for both head office and branch office applications. Under the new rates, renewals are based on a registrant's sales volume and can range from \$250 to \$1,500 per head office. The renewal fee for a branch office is \$250. 2006/2007 was a transition year for the renewal process as some registrants had already paid their renewal for a two year period when the new rates were introduced and therefore their renewal fees had to be prorated over the period. In 2006/2007, there was an increase in new registration fees by \$22,690 while renewals increased by \$20,206.

Expenses

Total expenses for TICO increased to \$3,956,131 for 2006/2007 from \$3,246,773 in 2005/2006. The significant variances are as follows:

Total claims for the year ended March 31, 2007 were \$972,666 which consists of claims from registrant failures of \$884,495 and \$88,171 from failures of non registrant end supplier airlines and cruise lines. Included in the net claims expense of \$957,229 are professional fees of \$38,926 incurred in relation to closures and recoveries and also an amount for closure expenses of \$2,827. Recoveries from security deposits and repayments from registrants totalled \$57,190 for the year which reduces the total claim expense. This resulted in a net claim expense for 2006/2007 of \$957,229 which is greater than the net claim expense for 2005/2006 of \$407,323.

Inspections, compliance and prosecution expense has increased by \$66,142 as an additional financial inspector was hired during 2006/2007 to assist with conducting trust accounting inspections for all registrants who had previously been grandfathered

from the trust accounting requirement. In July 2005, Ontario Regulation 26/05 brought in mandatory trust accounting requirements for all registrants.

Consumer and Registrant Awareness expense for 2006/2007 is approximately the same compared to 2005/2006. Expenses in this category include TICO's province wide consumer awareness campaign. TICO continued to air its television and radio advertisements in 2006/2007. This category also includes the cost of TICO's quarterly newsletter and TICO's participation in consumer trade shows.

General and Office expense has increased in 2006/2007 by approximately \$10,617 from 2005/2006. The increase is due to an increase in License Appeal Tribunal expense.

Ontario Government Oversight Fees expense total \$116,403 for 2006/2007 compared to \$127,006 for 2005/2006. These fees are paid to the provincial government under the terms of TICO's Administrative Agreement. The current Administrative Agreement was signed on August 1, 2005.

Board meeting expense increased by \$18,205 in 2006/2007 due to the inclusion of the cost of the Consumer Advisory Committee expenses.

Regulatory reform and minimum standards expense includes expenses related to the legislative review. TICO has continued to work on the minimum education standards by developing a study manual for travel counsellors and supervisors/managers. In addition, TICO has been working on establishing a disciplinary process in accordance with the amendments to the *Travel Industry Act, 2002* and these costs have been included in this expense. In addition, the costs related to the Traveller's Protection Initiative (TPI) have been included in this expense. TPI has been working to advocate for changes at the federal level with respect to federal regulations pertaining to airlines.

There were no Governance Committee expenses in 2006/2007. The expense in 2005/2006 related to the costs associated with setting up the Consumer Advisory Committee.

Appendix I

FINANCIAL STATEMENTS
MARCH 31, 2007

INDEX	PAGE
AUDITORS' REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF CHANGES IN NET ASSETS	3
STATEMENT OF OPERATIONS	4
NOTES TO THE FINANCIAL STATEMENTS	5 - 7



AUDITORS' REPORT

To the Board of Directors of the
Travel Industry Council of Ontario

We have audited the statement of financial position of the Travel Industry Council of Ontario ("TICO") as at March 31, 2007 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of TICO's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of TICO as at March 31, 2007 and the results of its operations and the changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

McGOVERN, HURLEY, CUNNINGHAM, LLP

**Chartered Accountants
Licensed Public Accountants**

TORONTO, Canada
May 11, 2007

2005 Sheppard Avenue East, Suite 300, Toronto, Ontario, Canada, M2J 5B4
Telephone: (416) 496-1234 – Fax: (416) 496-0125 – E-Mail: info@mhc-ca.com – Website: www.mhc-ca.com

Travel Industry Council of Ontario

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2007

	2007 \$	2006 \$
ASSETS		
CURRENT		
Cash	5,486,598	7,722,259
Short-term investments, at cost and market value	26,578,592	25,547,354
Prepaid expenses and deposits	50,783	45,513
	<u>32,115,973</u>	<u>33,315,126</u>
EQUIPMENT (Note 3)	<u>89,291</u>	<u>101,377</u>
	<u><u>32,205,264</u></u>	<u><u>33,416,503</u></u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	299,251	271,610
Deposits from registrants	<u>1,451,618</u>	<u>2,777,076</u>
	1,750,869	3,048,686
NET ASSETS		
Net assets per statement	<u>30,454,395</u>	<u>30,367,817</u>
	<u><u>32,205,264</u></u>	<u><u>33,416,503</u></u>
Commitments and contingencies (Notes 6 and 7)		
APPROVED ON BEHALF OF THE BOARD:		
<u>DENISE HEFFRON</u> , Chair		
<u>W.H. BRUCE FRASER</u> , Director		

See accompanying notes to the financial statements.

Travel Industry Council of Ontario

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2007

	Invested In Equipment \$	Restricted For The Ontario Travel Industry Compensation Fund \$	Unrestricted \$	2007 Total \$	2006 Total \$
Balance, beginning of year	101,377	29,675,566	590,874	30,367,817	28,394,881
Excess of revenues over expenses (expenses over revenues)	—	164,362	(77,784)	86,578	1,972,936
Purchase of equipment	29,098	(16,004)	(13,094)	—	—
Amortization of equipment	(41,184)	22,651	18,533	—	—
Balance, end of year	<u>89,291</u>	<u>29,846,575</u>	<u>518,529</u>	<u>30,454,395</u>	<u>30,367,817</u>

See accompanying notes to the financial statements.

Travel Industry Council of Ontario

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2007

	2007 \$	2006 \$
REVENUE		
Semi-annual payments from registrants	1,684,265	3,251,369
Renewals	611,197	590,991
New registrants	381,637	358,947
Investment income, net	<u>1,365,610</u>	<u>1,018,402</u>
	<u>4,042,709</u>	<u>5,219,709</u>
EXPENSES		
Claims	972,666	388,554
Professional fees and services	38,926	62,302
Closure expenses	2,827	41
	<u>1,014,419</u>	<u>450,897</u>
Less: Recoveries	<u>(57,190)</u>	<u>(43,574)</u>
	<u>957,229</u>	<u>407,323</u>
Salaries and benefits	1,245,040	1,144,946
Inspections, compliance and prosecutions	423,998	357,856
Consumer and registrant awareness	299,407	304,060
General and office	197,953	187,336
Rent	184,026	178,620
Regulatory reform and minimum standards	161,152	196,337
Ontario Government oversight fees	116,403	127,006
Board meeting expense	110,742	92,537
Professional fees	87,702	51,478
Computer	58,412	36,132
Insurance	42,054	41,428
Credit checks	16,602	18,646
Travel	14,227	19,438
Governance committee	—	36,712
Amortization	<u>41,184</u>	<u>46,918</u>
	<u>3,956,131</u>	<u>3,246,773</u>
Excess of revenues over expenses	<u><u>86,578</u></u>	<u><u>1,972,936</u></u>

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2007

1. NATURE OF OPERATIONS

The Travel Industry Council of Ontario ("TICO") was incorporated on April 7, 1997 as a not-for-profit corporation without share capital, under the laws of Ontario.

TICO is designated by the Lieutenant Governor in Council, as the Administrative Authority responsible for administration of the Ontario *Travel Industry Act, 2002* ("The Act"). TICO's responsibilities are to carry out delegation of The Act in accordance with the Administrative Agreement and to achieve the Minister of Government Services' goal of maintaining a fair, safe and informed marketplace.

The Ontario Travel Industry Compensation Fund (the "Fund") is a fund established under the Ontario *Travel Industry Act, 2002* and Ontario Regulation 26/05 to reimburse consumers for travel services when they have paid an Ontario registrant, the travel services have not been provided and the registrant is unable to refund their money by reason of bankruptcy or insolvency. Under certain conditions, the Fund also pays claims resulting from the failure of cruise lines and airlines (end suppliers) to provide travel services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of TICO are in accordance with Canadian generally accepted accounting principles and their basis of application is consistent with that of the previous year. Outlined below are those policies considered particularly significant.

Short-term Investments:

Short-term investments are recorded at cost. Discounts and premiums are amortized to income over the term of the investment on a straight-line basis.

Equipment and Amortization:

Equipment is stated at acquisition cost. Amortization is provided as follows:

Furniture and equipment	20% diminishing balance
Computer hardware	3 years straight-line
Computer software	2 years straight-line
Database	5 years straight-line
Vehicle	30% diminishing balance

Leasehold improvements are amortized on a straight line basis over the remaining term of the lease, which expires November 30, 2008.

Revenue Recognition:

The deferral method of accounting for contributions is followed. The application of this method of accounting results in revenue in the form of semi-annual payments from registrants, as well as renewals and application fees from new registrants, being recorded when received. Interest income is recorded on the accrual basis.

Claims:

Claims are recorded at the time of approval by the Board of Directors. Claims must be made within six months after the registrant, or end supplier becomes bankrupt, insolvent or ceases to carry on business.

Recoveries:

Amounts recoverable to offset claims paid, including commissions recoverable from registrants, are recorded when received.

Repatriation Costs:

Repatriation costs are authorized solely by the Director under The Act and are recorded when paid.

Use of Estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make

Travel Industry Council of Ontario

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2007

estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those reported.

Comparative Figures:

Certain comparative figures have been reclassified to conform with the presentation adopted in the current period.

3. EQUIPMENT

	<u>Cost</u>	<u>Accumulated</u>	<u>2007</u>	<u>2006</u>
	\$	Amortization	Net	Net
	\$	\$	\$	\$
Furniture and equipment	198,203	143,142	55,061	54,547
Computer hardware	260,869	236,572	24,297	26,556
Computer software	49,786	47,226	2,560	7,682
Database	244,416	244,416	—	6,464
Leasehold improvements	39,771	36,648	3,123	6,128
Vehicles	5,000	750	4,250	—
	<u>798,045</u>	<u>708,754</u>	<u>89,291</u>	<u>101,377</u>

4. RESTRICTED NET ASSETS

Article 2.01 of By-law one of TICO requires that all monies held shall be used in promoting its objects. Section 52 of Ontario Regulation 26/05 enacted under The Act requires that all money in the Fund and any income on such money shall be held by TICO in trust for the benefit of claimants whose claims for compensation are approved by TICO in accordance with the Regulation. Section 73 of Ontario Regulation 26/05 provides that remuneration of advisors may be paid from the fund.

Ontario Regulation 26/05 made under The Act restricts the maximum amount that may be reimbursed for a failure to provide travel services

with respect to all claims arising out of an event or major event to \$5,000,000, plus an additional \$2,000,000 for trip completion costs. The Fund pays a maximum claim of \$5,000 per person.

5. INCOME TAXES

As a non-profit corporation, TICO is not subject to income taxes, in accordance with section 149(1)(l) of the *Income Tax Act*.

6. COMMITMENTS

(a) Under terms of an Administrative Agreement signed August 1, 2005 between TICO and the Ministry of Government Services (the "MGS"), TICO is obligated to pay a maximum annual fee, based on cost recovery, of \$130,000 per year to the Province of Ontario. The MGS may increase the maximum amount in any given year in

accordance with the terms of the Administrative Agreement.

(b) TICO is committed to minimum rental amounts under a long-term lease for its premises which will expire November 30, 2008. Minimum rental commitments remaining under this lease approximate \$155,400. Minimum rental commitments for successive years approximate the following:

2008	\$ 93,300
2009	<u>62,100</u>
	<u>\$ 155,400</u>

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2007

7. CONTINGENT LIABILITIES

TICO is committed to paying eligible claims resulting from the failure of the Canada 3000 group of companies in November 2001. Approximately \$1,003,000 of claims have been paid as of March 31, 2007. No provision has been recorded in these financial statements for unpaid claims relating to this event.

8. FINANCIAL INSTRUMENTS

Fair Value:

Canadian generally accepted accounting principles require that TICO disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are

subjective in nature and involve uncertainties in significant matters of judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for cash and short-term investments, accounts receivable, accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited term of these instruments.

9. STATEMENT OF CASH FLOWS

A statement of cash flows has not been included in these financial statements as management has determined that it would not provide additional useful information.

Appendix II

Industry Representatives

Denise Heffron – Chair
Vice President Commercial
Transat Holidays
Etobicoke

Scott Stewart – Vice Chair
President
G. Stewart Travel Services Ltd.
Peterborough

Bruce Bishins*
Vice President, Travel Distribution
and Industry Relations
Helen Thompson Travel
Toronto

Jeff Element
President
Travel Corporation Canada
Toronto

Mike Foster
President
Uniglobe Instant Travel
London

Annika Klint
Vice President
The Travel Network
Toronto

Michael Merrithew
President
Merit Travel Group
Toronto

Trish McTavish**
Vice President
McTavish Travel
Oakville

Brett Walker
Operations Manager
Collette Tours
Toronto

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

Jill Wykes
Vice President, Customer Service,
Resort Management & Quality Assurance
MyTravel Canada
Toronto

Ministerial Appointments

W.H. Bruce Fraser, C.A.
Management Consultant
Toronto

Deborah Brown
Acting Director - Sector Liaison Branch
Ministry of Government Services
Toronto

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

Patricia Jensen
Board Member
Consumers Council of Canada
Toronto

* Resigned March 27, 2007

** Resigned January 1, 2007

Board of Directors Biographies

Denise Heffron

In 2007, Denise Heffron, Vice-President Commercial, Transat Holidays, marks her 14th year at Canada's largest tour operator. Denise graduated from the University of Western Ontario with a Bachelor of Arts degree and began her career in the travel industry shortly thereafter. Denise is an active participant in the industry at large and serves on the TICO Board as the Chair and as a representative of the Canadian Association of Tour Operators. She has been a member of the CATO executive for five years and brings with her a thorough knowledge of the commercial activities of outbound tour operation in Ontario. In addition, Denise is a member of the TICO E-commerce, Business Strategy and Executive Committees.

Scott Stewart

Scott Stewart is co-owner and President of G. Stewart Travel Services Ltd. with full service Carlson Wagonlit Travel offices in Peterborough, Barrie, Belleville and Toronto (The Beach). Their family owned and operated agencies, since 1974, hold both retail and wholesale licenses. For 21 years Scott has been very involved in the travel industry. Currently serving TICO representing OMCA as their elected representative. He sits actively on the OMCA board as well as on the Canadian Advisory Council for Carlson Wagonlit Canada.

Deborah Brown

Deborah Brown is the Acting Director, Sector Liaison Branch, of the Ministry of Government Services. The Sector Liaison Branch is responsible for oversight and relationship management of eight Delegated Administrative Authorities; coordinating agency relations and accountability frameworks for nine agencies, boards and commissions; and leads the policy development of various gaming and beverage alcohol statutes.

Deborah is also a member of the Board of Directors for the Canadian Motor Vehicle Arbitration Plan (CAMVAP) and Taron Warranty Corporation. Deborah has a degree in journalism.

Jeff Element, CMA, CTM

Jeff Element is a graduate of the University of Toronto with an Honours Bachelor of Arts degree in Commerce and Economics. In 1995, he obtained his professional designation in management accounting from CMA Canada. Jeff celebrates his eleventh anniversary with The Travel

Corporation Group of Companies in 2007. He began his career with the company in the role of Financial Controller, with an eventual promotion to Vice President of Finance in 1998. Over time, Jeff became increasingly more involved in the other aspects of the business, including sales and marketing, operations and reservations, eventually coming to oversee several other departments, including Air Ticketing, Customer Service, Documentation and Information Technology. In 2006, he was appointed to the role of President for the Canadian operation. He is actively involved in the travel industry, having received his Certified Travel Manager designation in 2006 and being appointed to the Board of Directors for TICO in 2005 as a representative of the Canadian Association of Tour Operators.

Mike Foster

Mike Foster is President and owner of UNIGLOBE Instant Travel Inc. with two locations in London and a number of home-based travel professionals. Mike started with UNIGLOBE in 1982 and has over the years added a number of high profile agencies through acquisition, building one of the area's largest travel agency companies.

Mike has served a variety of roles in both ACTA Ontario and TICO for the past several years. He has also been a member of the College Advisory Committee for the Tourism and Hospitality Division of Fanshawe College in London, as well as a board member and fund-raiser for a number of charitable organizations in London, including Sunshine Foundation, Junior Achievement, the Small Business Centre and the London Health Sciences Centre.

Mike has also been involved in the submissions of proposed legislative changes by both ACTA and TICO and is focused on bringing real, substantial and positive change to the travel industry. Mike is currently the Chairman for the ACTA Ontario Council and holds a seat on the ACTA National Board of Directors.

Bruce Fraser, C.A

Mr. Fraser is a former partner of KPMG LLP. During his career with KPMG he has served as National Director of the firm's airline practice, on a number of committees such as the Professional Standards Committee, Regional Management Committees and as a Member of the Partnership Board. He has spent five years on the Committee of the Canadian Institute of Chartered Accountants and is responsible for setting accounting standards in Canada. He is a former

Director of the Air Transport Security Corporation, Rampart Resources Ltd. and the National Cancer Institute of Canada. Presently he sits on the Board of Magnotta Winery Corporation and has been an active member of the Board of Directors for TICO since its incorporation in 1997.

Michael Janigan, LL.B.

Michael Janigan is the Executive Director and General Counsel of the Public Interest Advocacy Centre located in Ottawa, Canada. The Centre provides legal services and research on behalf of Canadian consumers and the organisations that represent them. The Centre has been in existence since 1976 and has a small staff of lawyers, researchers and administrative personnel.

The Centre is a founding member of the Canadian Association of Airline Passengers (CAAP) responsible for the proposed Air Passenger Bill of Rights available for viewing on the PIAC website www.piac.ca. PIAC has made presentations before House and Senate Committees on the subject of consumer protection in a deregulated airline industry.

Mr. Janigan has been the Executive Director of the Centre since 1992. Prior to assuming his current position, Mr. Janigan was a city and regional councillor representing a downtown ward in the City of Ottawa. He was elected to that position in the community where he carried on a busy litigation practice. Mr. Janigan was born in Ottawa and attended the University of Western Ontario, in London, Ontario where he obtained both his undergraduate degree in science and his LLB degree. He was called to the Bar of the Law Society of Upper Canada in 1980. He is also a member of the State Bar of California.

Patricia Jensen

Patricia joined the TICO Board in 2005 as a ministerial appointee and serves on the Compensation Fund, Minimum Education Standards and Alternate Finance Committees of the Board. She is a member of the Board of Directors of the Consumers Council of Canada where she sits on the Executive Committee and reports to the Council on food safety and travel industry issues impacting Canadian consumers. She also serves on the Consumer Advisory Council of the Technical Standards and Safety Authority. Prior to joining the TICO Board, Patricia served as consumer representative on the Bearing Point Travel Study Group examining consumer protection gaps in Ontario's *Travel Industry Act*. She has also represented the consumer

perspective to consultations on the new Travel Industry Regulations and to the Consumer Measures Committee regarding all-in pricing in the airline industry. Patricia is a Professor Emeritus, Ryerson University.

Annika Klint

Annika Klint has spent over 22 years in progressively responsible travel industry positions. She is a partner/shareholder and Vice President/General Manager at Toronto's The Travel Network/Network Tours, one of Canada's largest independent travel agencies and the winner of this year's ACTA Atlas Travel Agency of the Year Award for Ontario. Among her career achievements, Annika was Vice President Sales & Marketing for MyTravel Canada's retail division and Director of Business Development at BTI Canada. Her wide-ranging and successful career has included positions with INTRA Travel Corporation/Carlson Wagonlit, Scandinavian Airlines and Wardair Canada.

A strong believer in the continuing vitality of the travel agent role, Annika offers her expertise to the industry in many ways. She is currently co-chair of the board at ACTA Ontario and sits on the Advisory Committee for the Seneca College School of Tourism. As well as her role on the TICO Board, she also serves on TICO's Compensation Fund and Governance Committees.

Michael Merrithew

Michael Merrithew is the Owner, President & CEO of Merit Holdings Inc. The Merit Group, specializes in Business Travel Management, Specialty Leisure Travel, Loyalty & Affinity travel programs and also has a growing network of Merit retail offices across Canada. The company employs over 300 travel professionals.

Merit-owned brands & programs include Fifty-Plus Adventures, Exclusive Tours, Merit Golf, Ski, Dive & Long Stay Vacations, Marvelous Greece, Rocky Mountain Ski Tours, Uniquely Merit Vacations, Try That!, Golf-Tours.com & AlumniTravel.ca. Merit also operates and/or manages numerous private-branded programs for CIBC Visa, the Canadian Association for the Fifty-Plus and The Retired Teachers of Ontario.

Michael has served as National Chair of the Association of Canadian Travel Agencies (ACTA) and as Chair of ACTA Ontario. He is also currently a Director of the Canadian Corporate Travel Association (CCTA) and a Member of the Vacation.com International Advisory Board.

Prior to work experience with Xerox Canada, Nortel Networks, deHavilland Aircraft and Coopers & Lybrand, Michael completed his BBA at the University of New Brunswick and later his MBA at IMD, (the International Institute for Management Development) in Geneva, Switzerland.

Brett Walker

Brett Walker began with Collette Vacations in 1988 and is currently the Operations Manager. Brett has been involved with TICO since 2001, previously serving two consecutive terms on the TICO Board of Directors having been elected at large. As well as his role as a Director on TICO's Board, he also serves as Chair of TICO's Governance Committee and is a member of the Legislative & Regulatory Review Committee.

Kathleen Warren, CTM

Kathleen Warren CTM has been in the travel industry for over 34 years. She graduated from St Clair College in the Travel and Tourism programme and was employed by Meconi Travel Agency Ltd in Windsor Ontario upon graduation. Kathleen is now employed by Allison's Travel in Windsor.

Kathleen has been involved in CITC since 1979 as an area director, Ontario Executive Board member, V-P Education/Publications and is currently the Chair of the Ontario Regional Council and Chair of CITC National. She sits as the CITC representative on the TICO board and is the Windsor region liason with ACTA.

Kathleen has also worked on a part time basis at St Clair College and the Toronto School of Business in Windsor. She has coordinated the Educator's Update for CITC since 1991 and has edited and revised several of the current publications which CITC sells to the schools. Kathleen has a keen interest in the education mandate of CITC - and hopes to continue working in this portfolio.

Jill Wykes

Jill Wykes is Vice President, Customer Services, Resort Management, Quality Control and Corporate Communications at MyTravel Canada. Jill has been with the MyTravel Canada Group since joining Sunquest Vacations 15 years ago and serving in a variety of positions, initially as VP Communications and Government Affairs. Jill has managed Airport Services, Destination Services, Customer Service and National Sales for all of the MyTravel Canada tour operator and wholesale companies. She has most recently taken over the newly created Customer division for the group and oversees Customer Services, Health & Safety, Resort Management and Corporate Communications for the Group.

Jill has been keenly interested in the regulatory area and has been active in the industry on various committees working with governments to shape legislation for many years. She is past chairman of the Travel Industry Council of Ontario (TICO) and past chairman of CATO, the Canadian Tour Operators' Association and is currently a member of the TICO Board of Directors and the CATO Board.

Appendix III

Statutory Appointments

W.H. Bruce Fraser, C.A.

Statutory Director,
Travel Industry Act, 2002

Michael Pepper

Statutory Registrar,
Travel Industry Act, 2002

TICO Staff

President & Chief Executive Officer & Treasurer

Michael Pepper

Director of Operations/ Chief Financial Officer

Mary-Ann Harrison, C.A.

Manager, Administration & Claims

Dorian Werda

Legal Counsel & Corporate Secretary

Tracey McKiernan, LL.B.

Legal Counsel

Soussanna Karas, LL.B.

Registration Co-ordinator

Cora Reyes

Registration Officer

Anabel Linhares

Form 1 and Claims Co-ordinator

Lori Furlan

Complaints Officer

Josie Pereira

Compliance Officer

Rachel Palozzi

Client Services Representative

Tina Shewchuk
Jana Arthur

Inspection Co-ordinator /

Financial Analyst

Archna Gupta, C.M.A., C.I.A.

Inspector,

Designated by the Registrar

Fred Angus, C.G.A.
Maria Descours, C.M.A.
Jack Foster, C.M.A.
Linda Gilbert, C.A.
Timothy James, C.G.A.

Provincial Offences Officer

Doug Fritz

Administrative Assistant

Susan Janko

Reception

Paula Oliveira

Auditors

McGovern, Hurley, Cunningham, LLP
2005 Sheppard Avenue East, Suite 300
Toronto, Ontario M2J 5B4



TRAVEL INDUSTRY COUNCIL OF ONTARIO

Travel Industry Council of Ontario • 2700 Matheson Blvd. E.
Suite 402, West Tower • Mississauga • Ontario • L4W 4V9
Tel: (905) 624-6241 • Fax: (905) 624-8631 • Toll: 1-888-451-TICO
E-mail: tico@tico.ca • Web: www.tico.ca