



Travel Industry Council of Ontario

## 2013 ANNUAL REPORT & BUSINESS PLAN





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## MESSAGE FROM THE CHAIR

May 23, 2013

Honourable Tracy MacCharles  
Minister of Consumer Services  
6th Floor, Mowat Block  
900 Bay Street  
Toronto, Ontario  
M7A 1L2

Dear Minister MacCharles,

I am pleased to present the 2013 Annual Report and Business Plan of the Travel Industry Council of Ontario (TICO). Full details with respect to TICO's activities and accomplishments are recorded in this report.

TICO provides outstanding consumer protection by working to ensure the existence of a fair, safe and informed marketplace where consumers can make travel purchases with confidence. Over the past year, one of the ways in which the Council has strengthened consumer protection has been to involve the industry more deeply in TICO's Consumer Awareness Campaign. TICO encouraged registrants to use collateral materials available and to advise their consumers about the benefits of dealing with a TICO-registered travel agency. The Council organized focus groups with randomly selected travel agents, using their feedback to better educate the industry about TICO's role. The Council also met with some of the larger chains and consortia to maintain an ongoing dialogue with these groups. It has been a rewarding experience for both TICO and the industry and has cemented a partnership that can deliver a positive consumer protection message across the province. We look forward to working together with registrants over the next year to increase consumer awareness and advance understanding about what TICO does.

As you are aware, TICO has had price disclosure rules governing its registrants for many years. The TICO Board therefore applauded the federal government's introduction of air travel price advertising regulations, which came into effect in December 18, 2012. These new federal rules, which TICO and other travel industry and consumer stakeholders had urged the federal government to adopt for more than a decade, will help create a more level playing field within the industry and allow consumers to access information they need when making travel purchases.

During the last year, TICO also consulted with stakeholders regarding an increase in Compensation Fund Contribution Rates. In order to protect consumers, it was decided to proceed with a rate increase effective May 1, 2013, which was necessary to maintain the Compensation Fund balance at between \$20 and \$25 million. It should be noted that even with this increase, contribution rates are still lower than when TICO assumed its delegation in 1997.

The travel industry is constantly evolving and changing. TICO looks forward to working in partnership with the Ministry of Consumer Services to continually improve consumer protection while enhancing business efficiency.

Yours truly,  
Travel Industry Council of Ontario

A handwritten signature in black ink, appearing to be 'Michael Janigan', written over a horizontal line.

Michael Janigan  
Chair of the Board of Directors



## CHIEF EXECUTIVE OFFICER'S REPORT

### EXECUTIVE SUMMARY

On March 31, 2013, TICO completed another fiscal year and is approaching sixteen years of self-management of Ontario's travel industry. The Compensation Fund paid out claims of \$165,333, the lowest amount since the *Travel Industry Act* was passed in Ontario in 1974, almost 40 years ago. In addition, recoveries of \$195,214 were made during the year. This exceeded the amount paid in claims. This is an amazing accomplishment and confirms that self-management has been an overwhelming success. The industry has matured and is responsible in running its own affairs. The supportive and proactive Board of Directors, which consists of 10 industry members and 5 members appointed by the Minister of Consumer Services, is to be congratulated on this truly remarkable achievement.

On March 31, 2013, there were a total of 2,550 registrations with TICO. This compares to 2,507 registrations at the same time in the prior year. Overall, Ontario's retail travel sales have grown and now exceed \$10 billion. Wholesale sales (these are sales purchased by Ontario retail agencies from Ontario wholesalers) for the 2012/2013 fiscal year, remained steady at \$3.3 billion.

Analysis of the sales figures points to a change in the business model of how travel services are being sold with a shift towards "dynamic packaging" of travel products, a model which has been successfully offered in Europe for the past few years. Consumers now have more flexibility when choosing their vacation and are able to select the location, facilities and dates to suit their own schedules. The trend appears to have started a move away from the conventional "all inclusive" package, where wholesalers put together a complete "door-to-door" product for the consumer. All inclusive packages included all of the components of the vacation, such as air, land transfers to and from the resort, all meals, entertainment and activities.

Changes to the business model have been facilitated by advances in information technology, where the inventory of suppliers of travel products is displayed in "virtual real time" and can be instantly matched with other products to form a "dynamic package". Since consumers are purchasing several separate travel products, the consumer may not be protected for all services if one component of the travel is not available. This is different from what happens if one component of an "all inclusive" package is not available. TICO is working in partnership with the Ministry of Consumer Services to consider enhancements to the consumer protection provided by the Compensation Fund in light of changes to the business model and to address gaps that exist in consumer protection.

TICO strives to ensure that Ontario is a leader in the provision of consumer protection. In the year ahead, we look forward to further improving our services for the benefit of all stakeholders.

Yours truly,  
Travel Industry Council of Ontario

A handwritten signature in black ink, appearing to read "Michael Pepper". The signature is fluid and cursive, written over a white background.

Michael Pepper  
President & C.E.O.



For the purposes of this Annual Report and Business Plan, the following definitions apply:

- **Registrant:** 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*.
- **Travel Wholesaler:** 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.
- **Travel Agent:** A travel agent is defined as a person who sells to consumers, travel services provided by another person.
- **Non-Registrant:** An organization which supplies travel services, but is not registered in Ontario including (but not limited to):
  - travel wholesalers and travel retailers not located in Ontario.
  - companies which sell to clients in Ontario by means of advertising, the internet or toll-free phone line, but where the home base or call centre is not located in Ontario.
  - end suppliers (e.g. airlines, hotels, rail services, cruise lines), which may or may not be located in Ontario.

## MANDATE

TICO's mandate is to support the Ministry of Consumer Services' mission of maintaining a fair, safe and informed marketplace as it relates to Ontario's *Travel Industry Act, 2002*. This mandate is accomplished by developing and fostering high standards in:

- Consumer protection.
- Registration, inspection, supervision and discipline of registrants.
- Consumer education and awareness.
- Investigating and mediating disputes between consumers and registrants.

In addition, programs will serve to support this mandate by:

- Promoting fair and ethical competition within the industry.
- Supporting a Code of Ethics.
- Maintaining and enforcing programs that provide for consumer compensation in specific circumstances.
- Promoting an expected level of education as a criterion for registration.
- Encouraging legislative and regulatory amendments aimed at enhancing industry professionalism and consumer confidence.



## MISSION

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.**



## STAKEHOLDERS

TICO works with stakeholder groups including:

**Consumers:** to increase awareness of their rights and responsibilities, and those of the Ontario travel industry under the Act. In 2006, TICO established a Consumer Advisory Committee to increase consumer consultation and input and to enhance TICO's understanding of consumers needs as it relates to the travel industry.

### TICO Registrants

While TICO activities are focused on consumer protection, its clients also include the Ontario-registered travel retailers and wholesalers who finance TICO through registration fees and who pay regular fees into the Compensation Fund.

TICO serves its registrants by justifying consumer confidence in purchasing from the Ontario travel industry. This is accomplished through:

- Ongoing services and special projects aimed at monitoring and ensuring compliance with the Act and Regulations.
- Making consumers aware of the benefits of dealing with Ontario registrants.
- Enhancing industry professionalism.
- Providing consumer compensation and recourse in specific circumstances.
- Striving to ensure the Act and Regulation remain relevant to emerging issues.

**Industry Associations:** to harness their knowledge and commitment to ethical and open competition. The associations include but are not limited to:

- The Canadian Association of Tour Operators (CATO)
- The Association of Canadian Travel Agencies (ACTA)

- The Canadian Institute of Travel Counsellors (CITC)
- The Ontario Motor Coach Association (OMCA)

**Government:** which has delegated to TICO the responsibility for administering the Act and which holds TICO accountable for supporting its mandate of a fair, safe and informed marketplace.

## SERVICES

The services that TICO provides are detailed below.

### Registration

- Processing new applications – ensuring criteria and standards are met.
- Processing registration renewals – ensuring criteria and standards continue to be met, for example:
  - financial viability including compliance with financial criteria under the Act and Regulation
  - supervisor/manager qualifications
  - ensuring legislated Education Standards are met.
  - other compliance issues (e.g. advertising standards)
- Registrant inquiries.

### Consumer Protection

- Administering the Ontario Travel Industry Compensation Fund.
- Inspections:
  - financial reviews of registrants to minimize risk to consumers
  - checking compliance of registrants with advertising regulations, terms and conditions of registration and disclosure to consumers (e.g. conditions of booking).
- Compliance: employing administrative compliance measures to ensure that registrants correct deficiencies that have been identified.

- Investigations: investigating instances of suspected breaches of the Act which could result in prosecution.
- Enforcement: suspensions, proposals to revoke registrations, laying charges under provincial statutes and referrals to criminal authorities.
- Consumer inquiries.
- Consumer education.

### Complaint Resolution

- Resolving complaints:
  - between consumers and registrants
  - between consumers and TICO
  - between registrants and TICO
- Where complaints have not been resolved, providing information on other options.

The process is outlined in more detail on page 20.

### Government Liaison

- Working closely with the Ministry of Consumer Services for purposes of issues management, regulatory reform and matters of public interest.

### Additional Responsibilities

In addition to the delegated responsibilities, TICO intends to increase the following:

- Consumer education and awareness on the benefits of purchasing travel services from Ontario registrants and the inherent risks of dealing with non-registrants.
- Consumer and registrant awareness with respect to electronic commerce as it relates to the travel industry.

## 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 five appointed by the Minister of Consumer Services. There are also two members that are elected by the industry at large. (See Appendix II)

More information on the qualifications for Directors is available on TICO's website at [www.tico.ca](http://www.tico.ca).

### Remuneration of Board and Committee Members (Per Diems)

TICO's by-laws provide for the remuneration of Directors. The Board has approved levels of remuneration, which will be adjusted annually with the Consumer Price Index (CPI).

TICO's Remuneration Policy provides for the following per diem levels:

#### Board Meetings:

Chair	\$446
Vice-Chair	\$350
Member	\$286

#### Committee Meetings:

Committee Chair	\$286
Committee Member	\$222
Director under the TIA	\$10,465/annum (where Director is not an employee)
Deputy Director	\$5,233/annum (where Deputy 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 calcula-

tion 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. The Remuneration Policy also allows board members spending over 2 hours in total for travel time to and from TICO, for the purpose of attending to TICO business, to receive the current per diem rate plus 50% of the per diem rate.

## TICO Structure

### Organization

The Travel Industry Council of Ontario (TICO) is a not-for-profit corporation financed through fees from its approximately 2,500 travel retail and

wholesale registrants. The Ministry of Consumer and Commercial Relations delegated responsibility for the administration to TICO in June 1997. The *Travel Industry Act, 2002* (the Act) governs Ontario travel retailers and wholesalers and provides for the operation of a travel industry Compensation Fund. The Ministry of Consumer Services is currently responsible for the the Act and Ontario Regulation 26/05 (the Regulation).

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 (OTICFC). The OTICFC was subsequently dissolved on August 28, 1998.





## Travel Industry Compensation Fund

### Background on the Ontario Industry 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.”

### 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. The Payment Schedule requires registered travel retailers and registered travel wholesalers to pay a 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 after the end of each fiscal half year.

## Surplus Funds

The Corporation may invest any funds of the Compensation Fund, which are surplus to the immediate requirements of TICO in property in accordance with 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.

Effective July 1, 2010, claims may be filed against the Compensation Fund to provide the reimbursement of reasonable expenses incurred (transportation, accommodation and meals) to complete a trip where the travel services have not been provided as the result of the closure of a TICO registered travel retailer or a TICO registered travel wholesaler. Provided that the consumer purchased their original travel services from an Ontario registered travel retailer, trip completion claims may be eligible when the consumer's travel services commenced prior to the failure of the TICO registrant and the consumer is in destination and unable to receive the travel services purchased to complete their travel plans. Trip completion claims must be submitted in writing to the Board within three months after the relevant registrant becomes bankrupt or insolvent or ceases to carry on business.

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 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 registrants at financial risk and to work with those registrants to ensure compliance with the Act and Regulation. Through early identification of registrants at financial risk, TICO's goal is to minimize potential claims against the Compensation 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

### Executive Committee (Chair: Michael Janigan)

- Manage emergency issues on an ad hoc basis.
- Interim support for CEO between board meetings.
- Review of large registrant closures.
- Set compensation and conduct performance review of the CEO.
- Conduct the search for the new CEO in accordance with the CEO Succession Plan developed by the Governance Committee.
- Make recommendations regarding composition and chairmanship of board committees.
- Participate in the orientation session for new board members.
- Participate in crisis management or incident management as required in accordance with the Communications for Major Issues Policy.
- In the event of a significant disruption of TICO's business operations, participating in implementation of the Business Continuity Plan.
- Conduct an annual review of the TICO Employee Code of Ethics.
- Oversee development and conduct an annual review of TICO's Business Continuity Plan.
- Review any staff complaints against the CEO.

### Audit Committee (Chair: Jeff Element)

- Review internal controls operating throughout TICO.
- Review the appropriateness of accounting policies and review any proposed changes in accounting practices or policies and the resulting financial statement impact.
- Review the audited annual financial statements and make recommendations with respect to their approval to the Board.
- Confer with TICO's auditors as required to discuss their examination into the financial affairs of TICO and receive all recommendations and explanations which TICO's auditors wish to place before the Committee.

- Make recommendations to the Board with respect to the appointment and remuneration of external auditors to be appointed at each AGM.
- Periodically, review TICO's investment firms and their fees.
- Review the investment policy on an annual basis.
- Review quarterly investment reports and detailed quarterly financial statements.
- Review and provide advice with respect to the budget prior to presentation to the Board.
- As part of the annual budget process, review the Registration and Renewal Fees and the Compensation Fund Contribution Fees.
- Review insurance coverage annually.
- Ensure an IT Audit is conducted every three years

#### **Business Strategy Committee (Chair: Scott Stewart)**

- Review TICO's mission and vision on an annual basis.
- Develop TICO's business strategy and objectives.
- Produce TICO's Business Plan and monitor performance measures.
- Refer issues for legislative and regulatory review.
- Plan 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.

#### **Complaints Committee (Chair: James Savary)**

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

#### **Compensation Fund Committee (Chair: Patricia Jensen)**

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

#### **E-Commerce Committee (Chair: Richard Vanderlubbe)**

- Review TICO's programs, services and initiatives to determine any area which could be improved through the use of the Internet.
- Identify areas where consumers may not be protected when they purchase travel services online and provide options as to how TICO may address these issues.
- Consider privacy issues in respect of e-commerce.
- Identify any challenges posed by regulating the sale of travel services in an e-commerce environment and provide any potential solutions.
- Recommend legislative and regulatory changes in relation to e-commerce.
- Play a role in educating the Board and TICO stakeholders about e-commerce issues including the development of informational literature.

#### **Education Standards Committee (Chair: Patricia Jensen)**

- Determine the curriculum for the *Travel Industry Act, 2002* Education Standards for travel counsellors and supervisor/managers and identify the type of information that should be covered in the education standards curriculum at each level.
- Oversee exam development and testing.
- Oversee the printing and distributing of the educational courses and the development of on-line versions of the courses.
- Develop a communications plan for the delivery of Education Standards.
- Devise a plan to enforce the standards.

- Ensure the *Travel Industry Act, 2002* Education Standards are updated on a regular basis.
- Explore the feasibility of other educational initiatives.

### **Legislative & Regulatory Review Committee (Chair: James Savary)**

- Recommend legislative and regulatory reform necessary to achieve TICO's business objectives by:
  - Consulting with Ministry of Consumer Services on policy and legal issues
  - Securing and managing stakeholder input
  - Working with the Ministry of Consumer Services on policy development and enhancements to the Act and Regulation

### **Governance Committee (Chair: Jim Diebel)**

The Governance Committee is responsible for:

- Governance Model and Policies
- Board Composition - Member Recruitment and Retention
- Succession Planning
- Board Education and Development
- Board Evaluation

### **Expanded Coverage Committee (Chair: Jeff Element)**

- Assess the level the Fund should be maintained at to ensure adequate protection for consumers.
- 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 2012/2013

BUSINESS OBJECTIVES	BUSINESS GOALS	PERFORMANCE MEASURES 2012/2013	ACTIVITIES & ACCOMPLISHMENTS
In partnership with the Ministry of Consumer Services, consider enhancements to the consumer protection provided by the Compensation Fund.	Ensure that consumers are adequately protected and that the protection is equitable to all eligible claimants.	Utilize stakeholder feedback to identify possible enhancements to the coverage provided by the Compensation Fund.	Continued to assess the current coverage provided by the Compensation Fund and identify any possible enhancements.
		Conduct financial analysis to determine the appropriate level of the Compensation Fund based on coverage.	Obtained an Actuary Report.
		Work with the Ministry to determine how to address gaps in consumer protection.	TICO is working in partnership with the Ministry of Consumer Services to determine whether enhancements to the Act or Regulation would be beneficial.
Review the business model of how travel services are being sold.	Ensure the Ontario <i>Travel Industry Act, 2002</i> and Ontario Regulation 26/05 provisions adequately regulate the industry in light of changes to business models so that consumers are protected.	Assess whether gaps exist in consumer protection in light of social media and the Internet.	Reviewed how social media is used by the travel industry to assist in identifying gaps in consumer protection
		In consultation with the Ministry, determine if there are opportunities to close the gaps through legislative, regulatory and/or policy changes to ensure appropriate consumer protection measures are in place.	TICO will work in partnership with the Ministry of Consumer Services to determine if there are opportunities to close the gaps through legislative, regulatory and/or policy changes once TICO has completed its work.
Review and recommend changes to the <i>Travel Industry Act, 2002</i> and Ontario Regulation 26/05 in collaboration with the Ministry.	Enhance the effectiveness of the Act and the Regulation's high level of consumer protection, ensuring that the requirements are achievable by registrants.	Review the Act and the Regulation to determine where changes would be beneficial.	Continued to review the Act and Regulation in partnership with the Ministry of Consumer Services to ascertain where change may be beneficial.  Reviewed advertising requirements under the Regulation in light of new Canadian Transportation Agency (CTA) regulations introduced regarding how airline services are advertised.
		Meet with government representatives to discuss possible enhancements to the Act and the Regulation.	
		If it is determined that changes to the Act and Regulation are desirable, consult with stakeholders on proposed changes as appropriate.	
Use public relations to promote registrant participation in TICO's Consumer Awareness Campaign.	Increase awareness of TICO and the consumer protection that exists in Ontario through TICO registrants.	Conduct a registrant survey to obtain feedback on TICO's Consumer Awareness Campaign and whether TICO registrants are using the collateral materials available to let consumers know that they are registered with TICO and about the consumer protection that exists in Ontario.	Conducted two online surveys with TICO Registrants to obtain feedback from travel agents on TICO's Consumer Awareness Campaign and whether travel agents are using the messaging and collateral materials to promote consumer awareness.  The results of the registrant surveys may be found on page 31.

## Business Accomplishments 2012/2013

BUSINESS OBJECTIVES	BUSINESS GOALS	PERFORMANCE MEASURES 2012/2013	ACTIVITIES & ACCOMPLISHMENTS
<p>Use public relations to promote registrant participation in TICO's Consumer Awareness Campaign. <i>(continued)</i></p>	<p>Increase awareness of TICO and the consumer protection that exists in Ontario through TICO registrants. <i>(continued)</i></p>	<p>Identify gaps in TICO communications with registrants and identify opportunities to enhance understanding of TICO's mandate.</p>	<p>Held two roundtable sessions with frontline travel agents to obtain feedback on their understanding of TICO, its role in the industry, as well as TICO's upcoming Consumer Awareness Campaign.</p>
		<p>Improve registrant knowledge of the tools available to assist them in educating consumers as to the benefits of dealing with TICO registrants.</p>	<p>Attended two industry events and held 5 meetings and web-conferences with various chains and consortia to discuss communications, obtain feedback and present TICO's upcoming Consumer Awareness Campaign to encourage participation.</p>
		<p>Increase the use of the TICO logo and collateral materials related to TICO's Consumer Awareness Campaign.</p>	<p>Held one webinar with registrants to obtain feedback and present TICO's upcoming Consumer Awareness Campaign to encourage participation.</p> <p>Developed and distributed a brochure to promote registrant participation in TICO's Consumer Awareness Campaign. Interactive brochure posted on TICO's website.</p> <p>Ad campaign in various trade publications both hard copy and online promoting Ontario travel agents to encourage engagement in TICO's upcoming Consumer Awareness Campaign.</p> <p>Based on feedback received from registrants, TICO developed and made available new collateral items on TICO's website for registrants to download and use to communicate to consumers.</p> <p>Participated in interviews and obtained editorial coverage in various trade press to encourage industry engagement in TICO's Consumer Awareness Campaign.</p> <p>E-blast to all registrants encouraging participation in TICO's Consumer Awareness Campaign.</p>

# TICO Performance Measures 2012/2013

TICO PERFORMANCE MEASURE	GOALS	TICO PERFORMANCE MEASURES 2012/2013	ACTIVITIES & ACCOMPLISHMENTS
<p><b>CONSUMER AWARENESS AND EDUCATION:</b></p> <p>TICO's Consumer Awareness Campaign ensures that consumers are aware of the existence of TICO.</p>	<p>To maintain the percentage of consumers surveyed who identified at least one of TICO's roles correctly.</p>	<p>Identify % of consumers surveyed who report that they are aware of the existence of TICO.</p>	<p>Of consumers surveyed in Ontario, 23% indicated an awareness of TICO in 2012/13 compared to 28% in the previous year.</p> <p>Of consumers surveyed in the GTA, 24% indicated awareness of TICO compared to 36% in the previous year.</p> <p>A further explanation of the survey results may be found on page 30.</p>
<p>TICO's Consumer Awareness Campaign ensures that consumers understand the roles that TICO performs and the benefits of booking travel services through an Ontario registered travel agent.</p>	<p>To maintain the percentage of consumers surveyed who identified at least one of TICO's roles correctly.</p>	<p>Identify % of consumers surveyed who could identify the roles that TICO performs.</p> <p>Identify % of consumers surveyed who understand that they must purchase their travel services from an Ontario registered travel agency to obtain the protection of TICO and the Compensation Fund.</p>	<p>A total of 52% of consumers surveyed understood that TICO assists with complaints against TICO registrants, compared to 48% in the previous year.</p> <p>Of those surveyed, 29% of consumers understood that TICO provides refunds to consumers who do not receive the travel services for which they paid, compared to 31% in the previous year.</p> <p>A total of 76% of respondents identified at least one of TICO's roles correctly, compared to 71% in the previous year.</p> <p>Of those consumers surveyed, 62% indicated that they were aware that they must purchase their travel services from an Ontario registered travel agency to obtain the protection from TICO and the Compensation Fund, the same percentage as in the previous year.</p>

# TICO Performance Measures 2012/2013

TICO PERFORMANCE MEASURE	GOALS	TICO PERFORMANCE MEASURES 2012/2013	ACTIVITIES & ACCOMPLISHMENTS
<p><b>CONSUMER PROTECTION:</b></p> <p>TICO's Financial Inspection Program ensures that consumers are better protected through financial inspections and monitoring.</p>	<p>Less than 5% of registrants with working capital or financial statement compliance issues result in claims against the Compensation Fund.</p>	Identify the number of site inspections completed.	A total of 443 financial site inspections were completed during 2012/2013, compared to 501 in the previous year.
		Identify the number of bench reviews completed.	During the fiscal year, a total of 1,768 bench reviews were completed, compared to 1,797 in the previous year.
		Identify the number of registrants with working capital deficiencies, which resulted in inspections, proposals and terminations (revocations and voluntary terminations).	<p>A total of 182 files were opened between April 1, 2012 and March 31, 2013 for registrants with working capital deficiencies, compared to 218 in the previous year.</p> <p>Of those 182 files:</p> <ul style="list-style-type: none"> <li>• 114 resulted in site inspections.</li> <li>• 2 proposals.</li> <li>• 12 registrants voluntarily terminated.</li> <li>• 1 registrant was revoked.</li> </ul>
		Identify the number of registrants who failed to file their financial statements on time, which resulted in inspections, proposals and terminations (revocations and voluntary terminations).	<p>Between April 1, 2012 and March 31, 2013, 1,949 financial statements were due to be received, compared to 1,932 in the previous year.</p> <p>Of those 1,949 financial statements:</p> <ul style="list-style-type: none"> <li>• 848 financial statements were not filed on time.</li> <li>• 60 registrations voluntarily terminated or lapsed.</li> <li>• 11 proposals issued.</li> <li>• 2 registrations were revoked.</li> </ul>
		Identify the number of registrants with working capital deficiencies and financial statement filing compliance issues that failed and resulted in claims against the Compensation Fund.	<p>For registrants that had files opened for working capital and financial statement compliance deficiencies during the year:</p> <ul style="list-style-type: none"> <li>• There were no registrants with working capital deficiencies that resulted in claims.</li> <li>• There were no registrants deficient in filing financial statements that resulted in claims.</li> <li>• There were no registrants with working capital files opened between April 1, 2012 and March 31, 2013 that resulted in claims against the Compensation Fund.</li> <li>• There were no registrants who filed their financial statements late between April 1, 2012 and March 31, 2013 that resulted in claims against the Compensation Fund.</li> </ul>

# TICO Performance Measures 2012/2013

TICO PERFORMANCE MEASURE	GOALS	TICO PERFORMANCE MEASURES 2012/2013	ACTIVITIES & ACCOMPLISHMENTS
<b>CONSUMER PROTECTION:</b>  TICO's Compensation Fund provides timely and fair resolution of claims.	For claims received during the year, 70% of approved claims were processed within 120 days of receipt.	Identify the number of claims received during the year.	A total of 107 claims against the Compensation Fund were received between April 1, 2012 and March 31, 2013.
		Identify the value of claims received during the year.	The value of the claims received during the fiscal year was \$180,894.
		Identify the value of claims that were received during the year that were paid.	For claims received between April 1, 2012 and March 31, 2013, 72 claims were approved for a total \$103,553.
		Identify the number of consumers assisted during the year.	For claims received between April 1, 2012 and March 31, 2013, which were approved, a total of 208 consumers were assisted.
		Identify the average time to resolve claims during the year.	For claims received between April 1, 2012 and March 31, 2013, the average time to process claims from the date of receipt was 86 days.
		Identify the % of claimants surveyed who report the process was timely and fair.	Of the claimants who responded to TICO's Claims Survey, 80% indicated they were satisfied that the process was fair and timely.  More information may found on page 28.
		Identify the number of LAT claim appeals and results.	Of the claims received between April 1, 2012 and March 31, 2013, 2 claims were appealed to LAT. Both appeals were subsequently withdrawn by the claimants.
		Identify the % of claims received and approved during the year that were processed within 120 days of receipt.	Of the claims received and approved between April 1, 2012 and March 31, 2013, 92% were processed within 120 days of receipt.



## Additional Business Accomplishments 2012/2013

- Review of TICO asset to ensure adequate funding exists.
- Review of Compensation Fund level to ensure adequate funding.
- Completed stakeholder consultation on proposed Compensation Fund assessment rate increase.
- Updated the content of the Study Manual and the exams for TICO's Education Standards Programme. During the fiscal year, a total of 4,856 exams were written as follows:
  - 4,135 Travel Counsellor Exams
  - 298 Supervisor/Manager Exams
  - 423 Combined Travel Counsellor and Supervisory/Manager Exams
- Met the Terms of the Administrative Agreement by maintaining operations and systems to protect consumers in Ontario.
- Participated in ongoing negotiations with the Ministry of Consumer Services with respect to the terms for a new Administrative Agreement, which resulted in a new Administrative Agreement being signed.
- Continued to participate in an office waste and recycling program, which includes all paper, glass, metal, plastic, printer toner cartridges, batteries, pc's and monitors.
- Completed a Board Evaluation Survey in March of 2013.
- TICO website maintained and kept up to date with timely information for the benefit of all stakeholders. Information provided included: press releases, industry advisories, closure advisories, Registrar Bulletins, TICO Talk Newsletter, Business Plan, Annual Report and other information items.
- Prepared and distributed the quarterly TICO Talk newsletter to all registrants.
- TICO continued to liaise with the Ministry of Consumer Services on issues that require TICO's input and participated in regular liaison meetings.
- Participated in Ministry hosted quarterly meetings for all Delegated Administrative Authorities to attend and exchange information.
- Participated in Ministry hosted quarterly meetings for the joint Ministry and DAA Communications Committee to exchange information.
- Submitted performance measures to the Ministry of Consumer Services on a quarterly basis.
- Communicated and restated TICO's Voluntary Code of Ethics for registrants on TICO's website and the TICO Talk newsletter.
- Distributed and made available on TICO's website, TICO's Annual Report and Business Plan in September of 2012.
- Reviewed and updated TICO's Policy and Procedures Manual.
- Reviewed and updated TICO's Personnel Manual.

## Operational Performance Review

### Registration

On March 31, 2013, there were a total of 2,550 registrations with TICO (Fig. 1). Of these, 86% (2,184) are retail travel agencies, who sell travel services directly to consumers and 14% (366) are travel wholesalers, who sell travel services through travel retailers.

In 2012/2013, there were a total of 119 terminations (Fig.2). A total of 2,488 registrations were processed under the *Travel Industry Act, 2002*, which included 160 new registrations (Fig. 3) and 2,328 renewals (Fig. 4). Registrations are renewed annually.

### Complaint Handling Process

TICO receives 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,

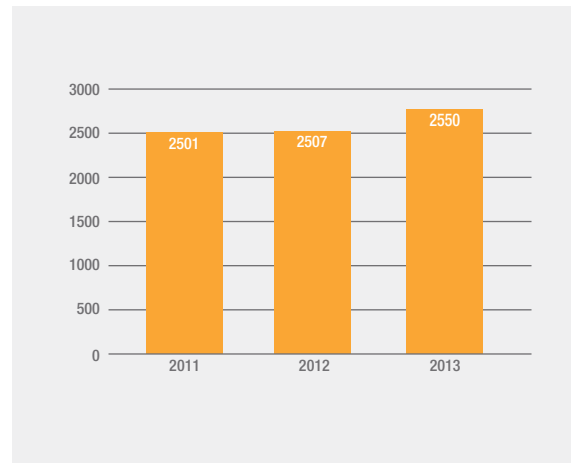


Figure 1: Total Registrations under the Act

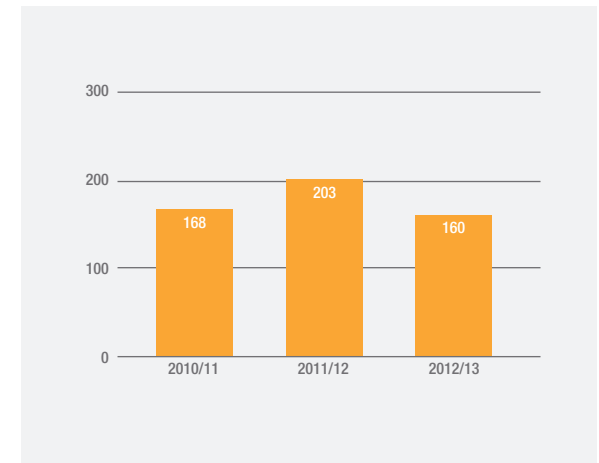


Figure 3: Total New Applications Processed

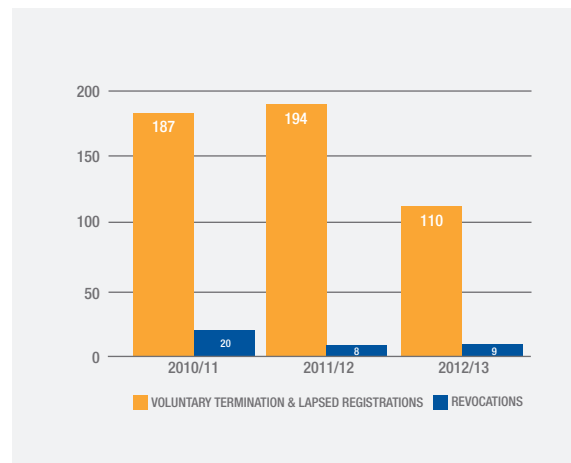


Figure 2: Total Voluntary Termination / Lapsed Registrations vs. Revocations

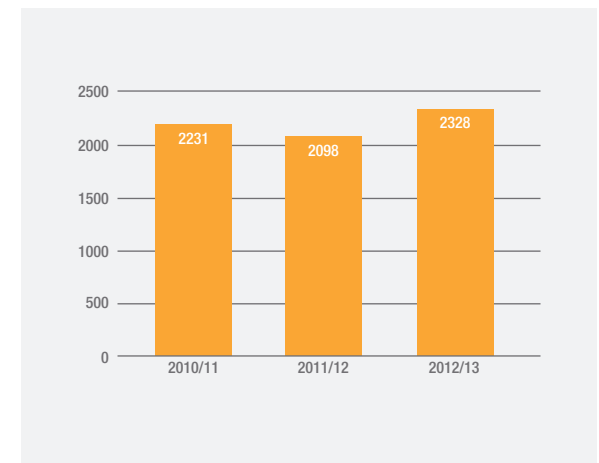


Figure 4: Total Renewal Applications Processed

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. If such is

the case, this will be dealt with separately from assisting with resolution of the complaint. When a mutual solution is not reached, complainants are provided with information regarding options to pursue matters.

When TICO receives a complaint it may be resolved in anywhere from a few hours over the telephone or a few weeks to 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 traditionally not been handled 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 2012/2013 fiscal period, there was one complaint 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.

### Complaints

TICO resolved 219 written consumer complaints against registrants in 2012/2013 compared to 346 in the previous year (Fig. 5). Many of these complaints related to files that were opened in the previous fiscal year. The number of new complaints received during 2012/2013 was 222 compared to 290 in the previous year. In processing these complaints, TICO successfully assisted consumers in obtaining \$69,512

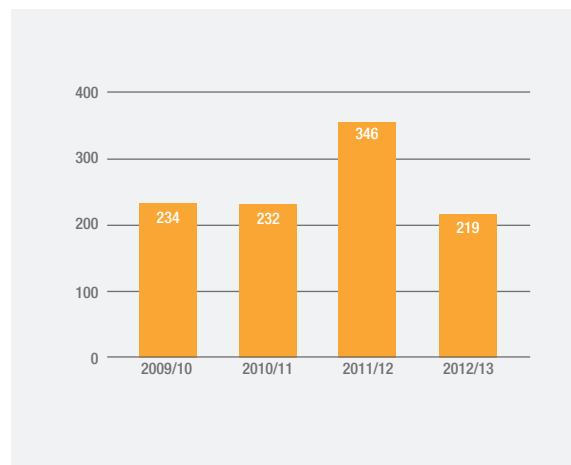


Figure 5: Written Complaints Handled

in restitution compared to \$82,510 the previous year. In addition, TICO handled 1,113 telephone complaint inquiries and 412 email complaint inquiries.

The most frequent types of written complaints received at TICO in 2012/2013 were:

1. Incomplete or incorrect information provided to the consumer by the registrant. (e.g. information regarding the travel product or services being sold)
2. Invoicing issues. (e.g. not complete with required information or not provided to consumer)
3. Outstanding refunds.
4. Information / Documentation. Issues related to travelling with passports and other travel documents.
5. Incorrect ticketing/ticketing errors.
6. Cancellation/Flight Delay.
7. Price disputes.
8. Disclosure of Terms & Conditions of Reservation.
9. Customer service issues.
10. Advertising issues.



## Consumer Survey Results – Complaints Process

During the fiscal year 2012/2013, TICO distributed consumer surveys to 219 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 2013, there were 11 completed surveys returned to TICO. The results of the 11 completed surveys received are as follows:

When asked to rate their overall satisfaction with TICO's handling of their complaint: 7 consumers advised they were either satisfied or very satisfied, 3 consumers indicated they were dissatisfied and 1 consumer was neutral in their opinion.

When asked to rate their satisfaction with the fairness of the process: 7 consumers advised they were either satisfied or very satisfied and 4 indicated that they 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 areas of a possible contravention(s) of the Act and/or Regulation on behalf of the registrant(s) involved. 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 travellers. 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.

Some consumers expressed dissatisfaction with TICO not having the additional authority to settle a dispute, or to impose a settlement in complaint matters.

The survey results also indicated that 7 consumers were either satisfied or very satisfied with the complaint turnaround times, 2 consumers were dissatisfied and 2 consumers were neutral in their opinion. Turnaround times may vary considerably depending on the complexity of the issues involved as well as the responses received from complainants and registrants, which could result in further information being required from suppliers or other third parties.

## Financial Inspections

Under the direction of the Registrar, the TICO 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 financial site inspections. During the fiscal

period 2012/2013, TICO completed 1,768 bench reviews (Fig. 6) and completed 443 financial site inspections.

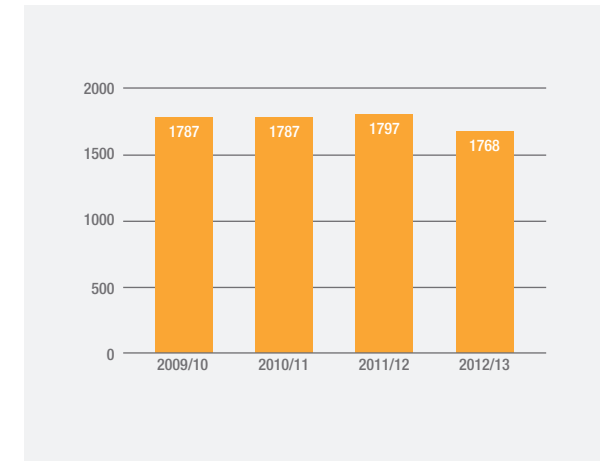


Figure 6: Total Financial Bench Reviews

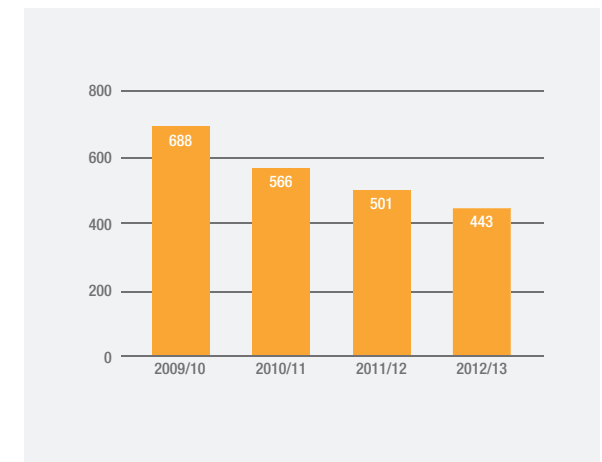


Figure 7: Financial Site Inspections

## Non-Financial Inspections

TICO performed 9 compliance site inspections during the 2012/2013 fiscal year compared to 7 in the prior year. Compliance site inspections are performed to address various issues such as advertising, invoicing and operating without registration. In 2012/2013, a total of 122 warnings for operating without registration were issued compared to 78 in the previous year (Fig. 8) and 138 advertising warnings were issued to regis-

trants and/or individuals who appeared to be carrying on business in contravention of the Act and Regulation compared to 108 in the previous year (Fig. 9). In addition, 176 invoicing warnings (Fig. 10) were issued to registrants who did not provide proper invoices and/or receipts in accordance with the Regulation compared to 123 in the previous year. Invoicing deficiencies are forwarded to the Compliance Department from consumer complaints, financial inspections and claims.

In addition, 3 warnings were issued during the fiscal year in relation to meeting the legislated Education Standards, which came into effect on July 1, 2009, compared to 1 in the previous year.

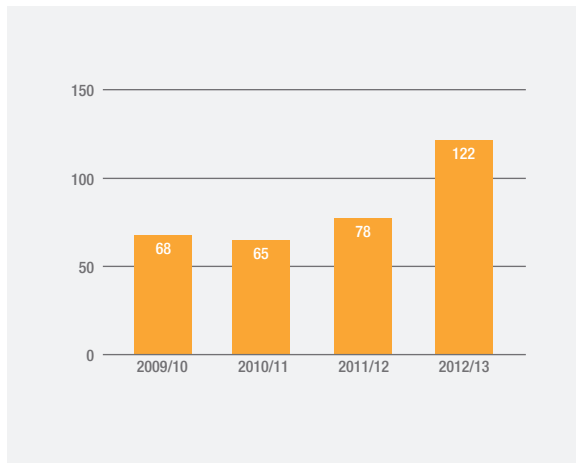


Figure 8: Total Warnings Issued for Operating without Registration

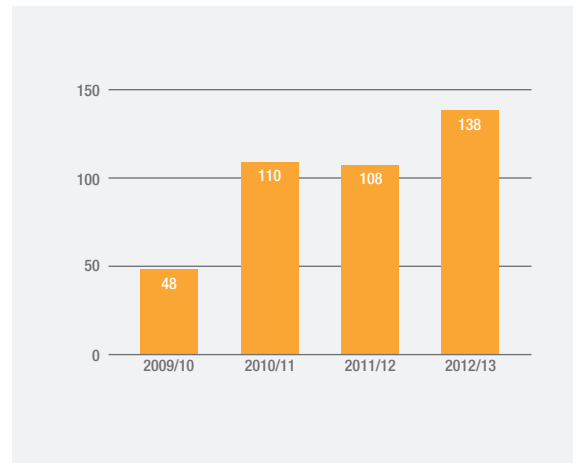


Figure 9: Total Warnings Issued for Advertising Infractions

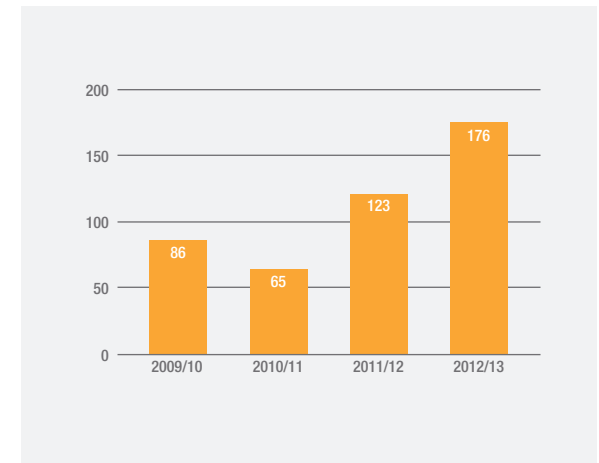


Figure 10: Total Warnings Issued for Invoicing Infractions



## Travel Industry Compensation Fund

TICO is required to hold all Compensation Fund monies in trust. As at March 31, 2013, the assets held for the Compensation Fund were \$24,038,718.

### Claims and Repatriation

Claims paid during the fiscal year ended March 31, 2013 compared to the previous year ended March 31, 2012 were as follows:

	2012/13	2011/12
Number of claims paid	93	151
Number of consumers assisted	251	488
Claims paid - Registrant failure	\$ 86,750	\$ 360,003
Claims paid - End supplier failure	\$ 78,583	\$ 75,603
Total Claims paid	\$ 165,333	\$ 435,606
Repatriation / Trip Completion	\$ —	\$ 33,686
Less recoveries	<u>\$(195,214)</u>	<u>\$ (65,549)</u>
Net claims paid	<u>\$( 29,881)</u>	<u>\$ 403,743</u>

### Repatriation/Trip Completion

During the fiscal year ended March 31, 2013, there were no registrant failures that resulted in trip completion costs against the Compensation Fund.

## Closures in 2012/13 Resulting in Significant Claims Paid

### **Malev Hungarian Airlines (Airline based out of Budapest, Hungary)**

On February 03, 2012, Malev Hungarian Airlines, an end supplier airline based out of Budapest, Hungary ceased operations. Consumers who purchased Malev Airlines travel services through an Ontario registered travel agency and who did not receive their travel services were eligible to make a claim against the Compensation Fund. During the year ended March 31, 2013, a total of \$55,815 was paid out of the Compensation Fund, assisting 141 consumers.

### **EZJet Air Services Inc. (Airline based out of Georgetown, Guyana)**

On November 08, 2012, EZJet Air Services Inc., an end supplier airline based out of Georgetown, Guyana ceased operations. Consumers who purchased EZJet travel services through an Ontario registered travel agency and who did not receive their travel services were eligible to make a claim against the Compensation Fund. During the year ended March 31, 2013, a total of \$22,010 was paid out of the Compensation Fund, assisting 28 consumers.

### **1344288 Ontario Inc o/a Apex International Travel**

1344288 Ontario Inc. o/a Apex International Travel registration to operate as a travel retailer under the Ontario *Travel Industry Act, 2002* was revoked on December 29, 2011. Apex International Travel sold mainly air only to various destinations. During the year ended March 31, 2013, a total of \$19,048 was paid out of the Compensation Fund, assisting 17 consumers.

### **Helen Oraha o/a Dolphin Travel**

On February 15, 2012, Helen Oraha o/a Dolphin Travel voluntarily terminated its registration under the *Travel Industry Act, 2002* to operate as a travel retailer. Dolphin Travel sold mainly vacation packages and air only to various destinations. During the year ended March 31, 2013, a total of \$18,804 was paid out of the Compensation Fund, assisting 25 consumers.

### **1821284 Ontario Inc. o/a Atlas Air Travel**

1821284 Ontario Inc. o/a Atlas Air Travel registration to operate as a travel retailer under the Ontario *Travel Industry Act, 2002* was revoked on April 8, 2011. Atlas Air Travel sold mainly air only to various destinations. During the year ended March 31, 2013, a total of \$18,197 was paid out of the Compensation Fund, assisting 22 consumers.

REGISTRANTS	CLAIMS PAID 2012/13 \$	RECOVERIES 2012/13 \$	CLAIMS PAID 2011/12 \$	RECOVERIES 2011/12 \$
2000 Tours Inc. (R)	902	—	4,295	—
Aero Canadian Tour & Travel Inc (R)	—	6,300	—	4,550
Affordable Cruises (R)	—	—	21,481	—
Apex International Travel (R)	19,048	—	8,420	—
Amrals Travel Canada Ltd (R)	—	750	—	2,000
Atlas Air Travel (R)	18,197	—	129,996	10,000
Baldwin Tours and Travel (R)	—	700	—	1,050
B.G. Seas Travel Ltd. (R)	1,472	1,472	—	—
BTM Services (R)	3,450	—	—	—
Canada 3000 Airlines *	—	13,052	—	—
College Travel Centre (R)	—	700	—	6,200
Conquest Vacations (W)	15,118	100,000	2,432	—
Cosmopolitan Travel (R)	—	—	1,150	—
Cruise Holidays of Brockville (R)	—	—	—	8,000
Cruise West *	—	—	5,000	—
Dolphin Travel (R)	18,804	10,000	—	—
Elegant Cruises and Travel *	—	—	8,064	—
EZJet Air Services Inc. *	22,010	—	—	—
Jerry Caplan Travel (R)	—	—	—	1,300
Malev Airlines *	55,815	1,997	172	—
Minfare Travel (R)	8,737	8,900	108,220	—
Panorama Travel & Tours Ltd. (R) (W)	1,022	19,509	84,093	10,957
Premier Holidays, Mississauga (R) (W)	—	30,514	—	10,172
Polar Star Expeditions *	—	—	62,367	—
Spanair *	758	—	—	—
Sunrise International Travels Inc. (R) (W)	—	—	380	—
Travelpack, Toronto (R) (W)	—	1,320	—	1,320
Uniglobe Discover Travel (R)	—	—	27,672	10,000
Ventura Vacations (R)	—	—	5,550	—
<b>TOTAL CLAIMS PAID (GROSS)</b>	<b>\$165,333</b>	<b>\$195,214</b>	<b>\$469,292</b>	<b>\$65,549</b>

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

(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. The total claims paid during 2012/13 totalled \$165,333 compared to \$469,292 the previous year. Recoveries received by TICO in 2012/2013 were in excess of the total claims paid out of the Compensation Fund during the fiscal year. A total of \$195,214 was recovered in 2012/2013 compared to \$65,549 recovered in 2011/2012.

Figure 12 provides a comparison of the total claims paid out of the Compensation Fund as a result of TICO registrant closures and claims paid as a result of end supplier (airline or cruise line) failures. During the 2012/2013 fiscal year, there was a slight increase of claims paid out of the Fund as a result of end supplier (airline or cruise line) failures compared to the prior year. During the fiscal period 2012/13, a total of \$78,583 claims were paid as a result of end supplier failures compared to \$75,603 in the previous year.

Contributions to the Fund from registrants (Fig. 13) have increased slightly by \$18,801 in 2012/2013 compared to the previous year. This is as a result of an increase in gross sales by registrants.

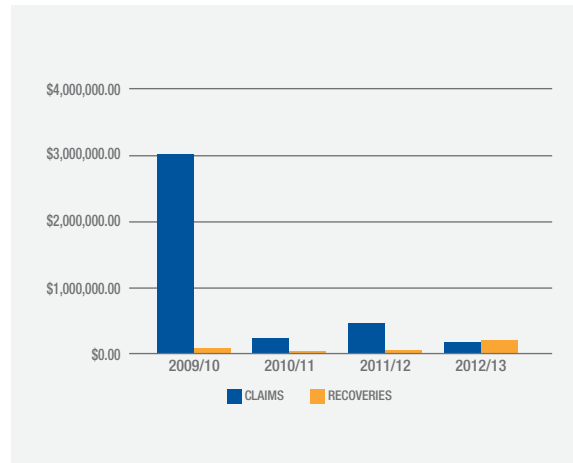


Figure 11: Total Claims paid and Recoveries to the Fund

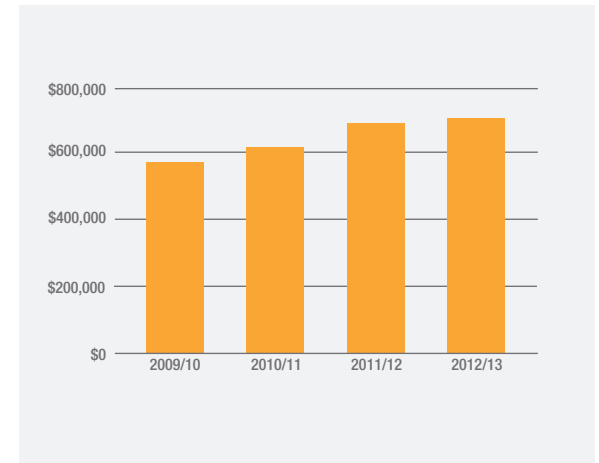


Figure 13: Contributions to the Fund

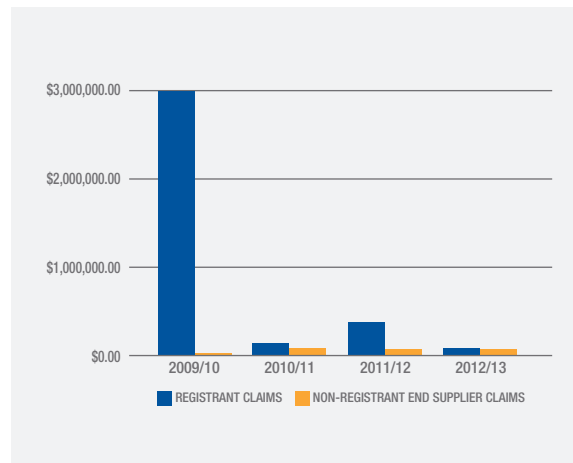


Figure 12: Registrant Claims vs Non-Registrant End Supplier Claims

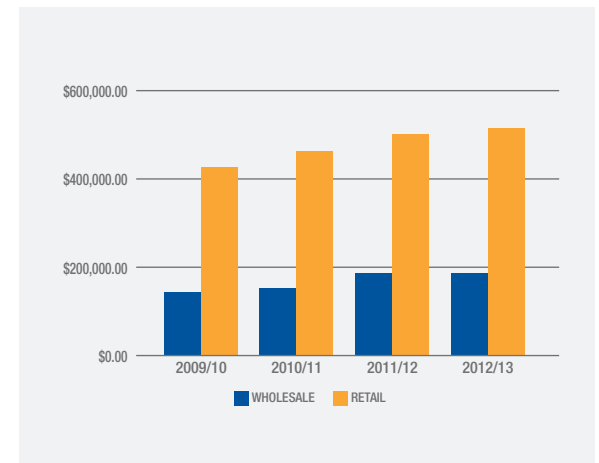


Figure 14: Contributions on the Fund - Retail vs Wholesale

## Consumer Survey Results – Claims Process

During the fiscal year 2012/2013, TICO distributed consumer surveys to 101 consumers who filed claims against the Compensation Fund inviting feedback on their experience with TICO's claims process. At the end of March 2013, a total of 5 completed surveys were returned to TICO.

The results of the completed surveys received were as follows:

When asked to rate overall satisfaction with TICO's handling of their claim, and the fairness of the process, 4 consumers indicated that they were either satisfied or very satisfied with the handling of their claim and with the fairness of the process and 1 consumer was neutral in their opinion. The survey results also indicated that the 3 respondents were satisfied with the length of time taken to process their claim; 1 consumer was dissatisfied and 1 respondent was neutral in their opinion.

## 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 period ended March 31, 2013, LAT held 2 hearings. LAT upheld the decisions of the Board to disallow the two claims.

In 2012/2013, there was also one claim appealed by a claimant to the Ontario Court of Appeal. The appeal hearing was held as a result of a Divisional Court ruling which upheld the Board's decision to disallow the claim. The Ontario Court of Appeal ruled to uphold the original decision made by LAT in 2010/2011 which overruled the Board's decision and allowed the claim. A total of \$15,117.85 was paid to the claimant from the Compensation Fund.

### Investigations and Prosecutions

TICO initiates and conducts 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 2012/2013 have resulted in the following prosecutions:

**Alistair Hamilton and Greater Hamilton Tours Inc.** were convicted on one count each of operating as a travel agent without registration contrary to section 4(1)(a) of the Ontario *Travel Industry Act, 2002* (Act). Alistair Hamilton and Greater Hamilton Tours Inc. were fined \$5,000 each.

**Michael Harry Brunet and Toronto Leisure Society, Inc.** were convicted on one count each of operating as a travel agent without registration contrary to section 4(1)(a) of the Act. Mr. Brunet was fined \$1,500 and Toronto Leisure Society, Inc. received a suspended sentence.

**Jinling Wei** was convicted on two counts of operating as a travel agent without registration contrary to section 4(1)(a) of the Act. Respon Travel & Tours Corp. and Herui Travel and Tours Corp. were convicted on one count each of operating as a travel agent without registration contrary to section 4(1)(a) of the Act. Ms. Wei is a director of both Respon Travel & Tours Corp. and Herui Travel and Tours Corp. Respon Travel & Tours Corp. continued to operate in Toronto after its registration under the Act was revoked on August 16, 2011. Ms. Wei was fined \$1,000 and Respon Travel & Tours Corp and Herui Travel and Tours Corp. received suspended sentences.

**Sritharan Sellathamby and 1821284 Ontario Inc. o/a Atlas Air Travel** were convicted on one count each of failing to maintain trust accounts contrary to section 27 of the Regulation. To date, approximately \$139,000 in claims have been paid to consumers from the Ontario Travel Industry Compensation Fund. Mr. Sellathamby was sentenced to 90 days in jail and 1821284 Ontario Inc. o/a Atlas Air Travel was fined \$20,000.

**Antreas Vassilioy** was convicted on one count of operating as a travel agent without registration contrary to section 4(1)(a) of the Act. Financial losses for victims amounted to approximately \$18,000. Mr. Vassilioy was sentenced to 30 days in jail.

**Shelley D'Angelo o/a Contessa Vacations** was convicted on one count of operating as a travel agent without registration contrary to section 4(1)(a) of the Act. Ms. D'Angelo was fined \$1,500 and paid \$1,100 in restitution to a consumer.

**Gary David Clegg** was convicted on three counts of operating as a travel agent without registration contrary to section 4(1)(a) of the Act. Gary Clegg operated under the name of Shumba Tracks Consulting. Mr. Clegg was sentenced to six months in jail and is subject to a two year period of probation during which he cannot operate as a travel agent without registration. Gary Clegg was previously convicted in February 2011 on one count of operating without registration contrary to section 4(1) (a) of the Act.

**Simon Shiva Bala** was convicted on one count of failing to maintain trust accounts contrary to section 27 of Regulation 26/05 (Regulation). Simon Shiva Bala was also convicted on one count of failing to maintain the minimum working capital required contrary to section 24 of the Regulation. Mr. Bala was fined \$25,000 for each count for a total fine of \$50,000. In addition Mr. Bala paid \$100,000 in restitution to TICO. Mr. Bala is subject to a two year probation order where he must inform TICO within 15 days of employment in the travel industry and notify potential employers in the travel industry of his conviction under the Act. Mr. Bala was the Vice President of Conquest Vacations Inc. and approximately \$1.9 million in claims were paid out of the Ontario Travel Industry Compensation Fund to assist consumers.

**Conquest Vacations Inc.** was convicted on one count of failing to maintain trust accounting contrary to section 27 of the Regulation. Conquest Vacations Inc. was convicted on one count of failing to maintain the minimum working capital required contrary to section 24 of the Regulation. Conquest Vacations Inc. was fined \$25,000 for each count for a total fine of \$50,000.

**Boris Golan and Travel Mix Inc.** were convicted on one count each of operating as a travel agent without registration contrary to section 4(1)(a) of

the Act. Mr. Golan was fined \$3,000 and Travel Mix Inc. was fined \$5,000.

**Ragubayan Logasundaram** was convicted of one count of failing to comply with a probation order contrary to section 75 of the Ontario Provincial Offences Act. Mr. Logasundaram was previously convicted under the Ontario *Travel Industry Act, 2002* for failing to maintain trust accounts and failing to advise the Travel Registrar of a change in location and bank accounts. As part of the probation order, Mr. Logasundaram was to pay restitution to TICO in the amount of \$8,750 and he failed to pay the restitution in its entirety. Mr. Logasundaram was fined \$1,000. In addition he paid the balance of the restitution owing to TICO.

**Daniel Da Costa** was convicted on one count of operating as a travel agent without registration contrary to section 4(1)(a) of the Ontario *Travel Industry Act, 2002*. Mr. Da Costa operated under the Toronto Leisure Society, Inc. in Oakville and elsewhere in Ontario. Mr. Da Costa was fined \$1,500.

**Panorama Travel & Tours Ltd., Beata Kucharski and Zbigniew Kucharski** were convicted on two counts each of failing to maintain trust accounts contrary to section 27 of Regulation 26/05 made under the Ontario *Travel Industry Act, 2002*. On the first count, Panorama Travel & Tours Ltd., Beata Kucharski and Zbigniew Kucharski received a suspended sentence. On the second count, Beata and Zbigniew Kucharski must pay restitution to TICO of \$25,000 each. There is no deadline by which the restitution must be paid. In addition, Beata and Zbigniew Kucharski and Panorama Travel & Tours Ltd. are subject to a one year probation order where they must write a letter about the court proceedings, and the failure of the company including how the failure affected the travel industry. Beata Kucharski and Zbigniew Kucharski were the principals of Panorama Travel & Tours Ltd. which tried to run a risk air program "Fly Central Europe". Panorama's registration under the Act was terminated in May 2011 and TICO paid claims from the Ontario Travel Compensation Fund in the amount of \$85,115. TICO has appealed the sentence to the Ontario Court of Justice.



## Proposals to Revoke Registration

A total of 24 proposals to revoke registration were issued during 2012/2013. Of the proposals issued, 1 registrant was also issued a temporary suspension. The proposals were issued for the following reasons:

	2012/13	2011/12
Failure to file Financial Statements	17	29
Failure to maintain Working Capital	2	4
Failure to maintain Trust Accounting	3	8
Other Breaches of the Act and Regulation	<u>2</u>	<u>6</u>
	24	47

TICO attended 12 pre-hearings and 4 hearings before LAT in response to the proposals issued against registrants. Pre-hearings are a mandatory part of the LAT appeal process. Some proposals were settled prior to their scheduled hearing date. During the year, 9 registrations were revoked, 12 proposals were withdrawn and 7 were settled by consent order. At the beginning of the fiscal year, there were 8 outstanding proposals and at the end of March 2013, there were 4 outstanding proposals.

## Consumer Awareness Campaign

During the 2012/2013 fiscal year, TICO shifted its focus from its traditional approach of advertising and promoting consumer awareness in various forms of mainstream media, to working with registrants to spread its consumer protection message. TICO worked with Larter Advertising of Aurora, Ontario. They developed a new campaign strategy entitled, The Language of TICO. The look, feel and messaging was first launched to the industry to promote industry engagement. The Language of TICO campaign will send the message that the travel industry is filled with highly skilled professionals with a great amount of knowledge, integrity and professionalism. Ontario travellers should seek out Ontario registered travel agencies because of the consumer protection.



Throughout 2012/2013, TICO continued to attend consumer trade shows and provide speaking engagements to various consumer groups to educate consumers about TICO and the consumer protection available to them when they purchase travel services from TICO registered travel agencies. In addition, TICO had two 30-second radio ads on NewsTalk 1010 during the month of February 2013.

Although TICO's main focus was on industry and registrant engagement, TICO conducted an online omnibus survey to measure consumer awareness of TICO and the benefits of purchasing travel services from TICO registered travel agencies. The results of the omnibus survey revealed an increase in travel agents as the source of awareness of TICO among the consumers surveyed. In 2013, 32% of consumers surveyed in Ontario indicated a travel agent as the source of awareness of TICO, compared to 25% in the previous year.

The omnibus survey also indicated that booking online is down significantly to 48% in 2013, compared to 59% in the previous year. The percentage of online travellers checking for the TICO logo when booking online has almost doubled from 12% in 2012 to 21% in 2013. The survey results revealed that frequent travellers (5+ trips) seem to have an increased preference for more personalized service when booking trips.

Of the consumers surveyed in Ontario, 23% indicated an awareness of TICO in 2013, compared to 28% in the previous year. These results are not surprising as TICO had limited promotion of consumer awareness in mainstream media during the fiscal year.

As the focus was increasing registrant engagement and promoting the use of TICO's Consumer Awareness Campaign messaging, the increase in travel agents as the source of awareness for the consumers surveyed is encouraging. It demonstrates that TICO and industry members can work together to increase overall consumer awareness in the upcoming years. The new campaign strategy that has been developed will benefit both consumers and registrants. TICO will continue to focus on increasing both consumer awareness in Ontario and registrant engagement in the Campaign.

More results of the omnibus survey may be found on page 34.

## Registrant Engagement

In April of 2012, TICO conducted an online survey with its registrants to seek their views on its Consumer Awareness Campaign. The survey asked registrants to indicate whether they use the campaign to benefit their business. TICO received 137 responses. A total of 65% of respondents indicated that they include the TICO logo prominently in advertisements and 59% use it on their website. Approximately 53% of respondents indicated that they have the TICO logo on their invoices and 47% of respondents include the logo on their business cards.

When asked whether they believe that TICO's Consumer Awareness Campaign and its messaging has been beneficial to their businesses, a total of 58% of the respondents answered positively, while 42% responded that the campaign had not benefited their businesses. When asked why the campaign had not benefited their business, the reasons given included the following: customers are only motivated by price when purchasing travel services and some customers feel they already have sufficient protection from their credit cards and/or their travel insurance policies. It was also clear from the survey results that some registrants were not in favour of spending industry funds on the consumer awareness initiatives.

With the results and feedback received, TICO wanted to ensure that registrants understood that TICO is required under its mandate from the government to engage in consumer awareness activities. TICO's existence is ultimately to provide consumer protection in the province of Ontario by regulating the industry. Part of TICO's mandate is to educate consumers about their rights and the protections available. TICO has always attempted to fulfill this mandate in a way that is beneficial to the industry.

In July of 2012, TICO retained Argyle Communications of Toronto, Ontario to assist TICO in developing a strategy to achieve the following objectives:

- To engage registrants to participate in TICO's Consumer Awareness Campaign.

- To make registrants aware of the tools available to assist registrants in educating consumers about the benefits of dealing with TICO registrants.
- To get registrants displaying the TICO logo and using the other collateral materials available to let consumers know that they are registered with TICO and about the consumer protection that exists in Ontario.
- To increase understanding among registrants that TICO's mandate requires it to promote consumer education and awareness.
- To promote a better understanding among registrants of the value of TICO's initiative to communicate to the public the benefits of purchasing travel services from TICO registered travel agencies.

TICO's new campaign messaging promotes the knowledge integrity and professionalism, of its registrants and their respective travel counsellors as another benefit and reason for consumers to seek out TICO registered travel agencies.

TICO's first overall objective for the 2012/2013 fiscal year was to go out and talk to the industry. Together with Argyle Communications and Larter Advertising, TICO developed a strategy to introduce its new Campaign look and messaging to the industry and to encourage registrant engagement and understanding. Ultimately TICO would like registrants to be proud of being part of a self-managed travel industry that has standards and consumer protection and understand how this benefits both the industry and consumers.

The Registrant Engagement strategy included TICO print ads, online banner ads and editorial in various travel industry trade media. In addition, a registrant brochure was produced to promote registrant participation and introduce TICO's new Consumer Awareness Campaign. The brochure provided information about the Campaign and how registrants can better leverage themselves and their businesses to consumers. YOU+TICO= FANTASTICO !

TICO also produced and made available several collateral items on its website for registrants including:



Email Signature



Television Commercial



Registrant Brochures



E-Ticket Stuffer



Language Glossary



Registrant Window Decal



Web Home Page

- PDF and interactive version of Registrant Brochure
- Various TICO logo images with "Ontario Travel Agents are FANTASTICO - Ask me/us Why"
- Digital images of the TICO logo that allows registrants to add their own registration number
- TICO logo email signatures
- Updated E-Ticket Stuffer
- Language of TICO Glossary
- New web-banner ads

To further reach industry members, TICO's strategy included attending industry events, which provided TICO an opportunity to distribute its registrant brochure and Good to GO pamphlet and speak to travel agents and other industry members about TICO's upcoming Consumer Awareness Campaign and how they can leverage themselves with their customers. TICO held five meetings and web-conferences with representatives from various chains and consortia to present and discuss TICO's Campaign objectives to increase registrant engagement and to obtain feedback from industry members on how together we can ensure more consumers are aware of TICO and the benefits of purchasing travel services from TICO registered travel agencies.

TICO also held two facilitated roundtable sessions with frontline travel agents to obtain their feedback on the Consumer Awareness Campaign and their perspective of TICO and its mandate. TICO found these roundtable sessions and the feedback provided invaluable. It was apparent that the participants gained a better understanding and appreciation of TICO. The feedback they provided gave TICO a greater understanding of how best to reach and communicate with travel agents. It also gave a greater understand of the tools travel agents want to assist them with communicating about TICO with their customers.

In March of 2013, TICO conducted an online survey with its registrants once again to seek their views on the Consumer Awareness Campaign and to measure the success of its registrant engagement strategy.

The results of the registrant survey was as follows:

The survey asked registrants to indicate whether they use the campaign to benefit their business. TICO received 343 responses compared to 137 responses received in April 2012. A total of 71% of respondents indicated that they include the TICO logo prominently in advertisements, compared to 65% previously and 74% use it on their website compared to 59% surveyed in April 2012. Approximately 61% of respondents indicated that they have the TICO logo on their invoices compared to 53% and 48% of respondents include the logo on their business cards compared to 47% previously.

A total of 91% of respondents indicated that they advise customers of the benefits of purchasing travel services from their company as a registered TICO travel agency and 59% of respondents indicated that they found TICO's Consumer Awareness Campaign and its message (Ontario Travel Agents are FANTASTICO) to be beneficial to their business.

TICO would like the industry to understand that there is value to promoting their businesses as being registered with TICO, so that consumers understand and appreciate the value of the consumer protection afforded to them when they deal with a TICO registered travel agency. "Ontario Travel Agents are FANTASTICO. We're spreading the word and together we can build a stronger industry."

## **French Language Services**

TICO strives to respond to all inquiries received in the French language, 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 following financial review is based on the audited financial statements for the Travel Industry Council of Ontario for the year ended March 31, 2013 with comparative figures for March 31, 2012.

## Overview

As at March 31, 2013, the combined Net Assets of TICO were \$25,033,655 compared to \$25,244,414 for the year ended March 31, 2012. The decrease in Net Assets was a result of total expenses exceeding revenues by \$210,759 for the year compared to \$603,169 in the prior year. Total revenues decreased in 2012/2013 by 18%, while total expenses, including claims decreased by 25%.

TICO is required to hold all Compensation Fund (Fund) monies in trust. As of March 31, 2013 the assets held for the Fund totaled \$24,038,718 compared to \$24,697,605 as of March 31, 2012.

## Revenue

Total Revenue for the year ended March 31, 2013 was \$2,826,506 and derived from semi-annual assessments paid by Registrants to the Fund (\$701,030), applications for renewal of registrations (\$1,042,535) and from new applications for registration (\$373,325). A total of \$709,616 in investment income was earned during the year, down significantly from 2012.

## Semi-Annual Assessments

All registrants are required to pay into the Fund based on their gross travel sales. The current contribution rate for both retail and wholesale registrants is .05 per \$1,000 of sales. Semi-Annual Assessments were higher in 2013 at \$701,030 compared to \$682,229 in 2012.

	2013	2012
Retail	\$ 516,825	\$ 498,016
Wholesale	<u>184,205</u>	<u>184,213</u>
	<u>\$ 701,030</u>	<u>\$ 682,229</u>

## Registration Fees

Revenue from registration fees is derived from two sources, new registration fees and renewal fees. New registration fees are \$3,000 for a head office and \$800 for a branch office and cover a one year period of regis-

tration. Renewals are made annually and are based on a registrant's sales volume ranging from \$300 to \$1,800 per head office. The renewal fee for a branch office is \$300. Renewal Fees in 2013 were \$1,042,535 compared to \$1,023,927 in 2012. New registrant fees were \$373,325 in 2013, a decrease of 7% compared to \$400,800 in 2012.

## Investment Income

Investment income is \$709,616 for 2013 compared to \$1,357,708 in 2012. The decrease in investment income is a result of the decline in the underlying assets. In addition, as investments mature, TICO is reinvesting at substantially lower rates as current market rates remain depressed.

## Expenses

Total expenses decreased in 2013 to \$3,037,265 from \$4,067,833 in 2012. The significant variances are as follows:

## Claims and Recoveries

Total claims for the year ended March 31, 2013 was a net recovery of \$303,683 compared to total claims expense of \$441,321 in 2012. The majority of claims in 2013 relate to the failures of Apex International Travel, Atlas Air Travel, Conquest Vacations, Dolphin Travel, EZJet Air Services Inc. and Malev Airlines. Claims expense consists of three components: (1) claims, including trip completion and imminent departure expenses, from registrant failures of \$86,750 and (2) claims from the failures of non registrant end supplier airlines and cruise lines of \$78,583, and (3) professional fees of \$11,691 incurred in relation to closures and recoveries. Non-registrant claims from the failures of end supplier airlines and cruise lines represent 48% of the claims paid.

Recoveries from security deposits and repayments from Registrants totaled \$195,214. These recoveries are detailed on page 26 with substantial amounts related to Conquest Vacations, Premier Holidays and Panorama Travel.

In addition, there was a special recovery of \$285,493 during the year related to residual funds from the Estate of C3 Leisure Limited o/a Canada 3000 Holidays (C3 Leisure). On December 24, 2009 the Ontario Superior Court of Justice

appointed TICO to administer the funds remaining in the trust account of the Judicial Trustee of C3 Leisure. TICO administered the monies until November 18, 2012 at which time the balance was allocated to the Fund and must be used for ongoing consumer education and awareness.

**Consumer and Registrant Awareness** expense for 2013 is less than 2012 by \$246,662. Expenses in this category include TICO's province wide consumer awareness campaign, the cost of TICO's quarterly newsletter, TICO's website and the cost of participation at consumer trade shows. The decrease is a result of TICO only spending half (\$250,000) of its Consumer Awareness budget in 2013 as there was a shift in the approach away from traditional advertising to working with registrants to spread the consumer protection message. TICO will increase its budget for the Consumer Awareness Campaign in fiscal 2014 by \$250,000.

**General and Office Expense** has decreased by 11% over the prior year. Substantial savings were achieved through obtaining a new photocopier lease. As well, TICO has tried to reduce costs where possible and were able to achieve some savings with general and office expenses.

Board Meeting Expense has decreased by \$84,040 in 2013 over the prior year. This expense category includes the cost of TICO's AGM, Board of Directors remuneration and meeting expenses. The decrease is a result of expenses in 2012 being high due to several Directors submitting expenses for prior years which had not been accrued in the periods incurred.

**Government Oversight Fees** expense was \$119,403 for 2013 compared to \$109,111 for 2012. These fees are paid to the Ministry under the terms of TICO's Administrative Agreement. The current Administrative Agreement was signed on January 23, 2013.

**Computer Expenses** have decreased in 2013 by 33% as 2012 computer expenses were high due to computer upgrades during that year.

**Acutary Expense** relates to a report TICO commissioned to determine the appropriate level of the Compensation Fund based on possible enhanced coverage.

**Regulatory Reform and Education Standards** expense includes expenses related to legislative review and the maintenance of education standards. Currently, CITC manages the exam process for TICO for education standards. During 2013, TICO recovered fees of approximately \$24,000 from CITC in accordance with the contract. During 2013 there were no other expenses related to legislative review. In 2012 TICO recovered approximately \$22,000 from CITC with respect to education standards, but also spent approximately \$18,000 on a consumer study to determine whether consumers would be willing to pay for enhanced compensation fund coverage or whether it might deter them from dealing with TICO-registered agencies.

### **Allocation of Revenues and Expenses**

Included as part of the Financial Statements is a Schedule allocating Revenues and Expenses between the Compensation Fund and the TICO Asset for the year ended March 31, 2013.

TICO's operations are funded solely by Registrants. TICO has two revenue streams namely contributions to the Fund and Registration Fees. TICO's net assets are made up of the Fund which are restricted monies and the TICO Asset which are the unrestricted monies.

Contributions to the Fund are attributed to the Fund while Registration Fees are attributed to the TICO Asset. Investment income is allocated to both the Fund and the TICO Asset on a proportional basis.

Operational expenses are allocated between the Fund and the TICO Asset while direct Fund expenses such as claims are allocated to the Fund. The allocation of operational expenses is based on estimates of how resources, including staff, are expended to manage the Fund and TICO's overall operations. For accounting purposes, in essence two distinct assets (the Fund and TICO Asset) are recognized, however TICO is one organization and expenses are allocated accordingly between the two assets.



TRAVEL INDUSTRY COUNCIL OF ONTARIO  
**FINANCIAL STATEMENTS**  
MARCH 31, 2013

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TRAVEL INDUSTRY COUNCIL OF ONTARIO  
**AUDITORS' REPORT**

**McGovern, Hurley, Cunningham, LLP**

Chartered Accountants

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**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the Travel Industry Council of Ontario, which comprise the statement of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statement of changes in net assets, statement of operations, and statement of cash flows for the years ended March 31, 2013 and 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Travel Industry Council of Ontario as at March 31, 2013, March 31, 2012 and April 1, 2011 and its financial performance and its cash flows for the year ended March 31, 2013 and 2012 in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

McGOVERN, HURLEY, CUNNINGHAM, LLP



Chartered Accountants  
Licensed Public Accountants

TORONTO, Canada

May 28, 2013

A member of UHY International, a network of independent accounting and consulting firms



TRAVEL INDUSTRY COUNCIL OF ONTARIO  
**STATEMENT OF FINANCIAL POSITION**  
AS AT

	March 31, 2013 \$	March 31, 2012 \$	April 1, 2011 \$
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash and cash equivalents	5,872,229	5,429,009	5,159,330
Restricted cash (Note 3)	285,493	284,233	283,204
Investments	22,097,716	22,778,982	23,455,091
Prepaid expenses and deposits	<u>103,231</u>	<u>61,938</u>	<u>64,261</u>
<b>Total current assets</b>	28,358,669	28,554,162	28,961,886
<b>EQUIPMENT</b> (Note 4)	<u>183,926</u>	<u>235,674</u>	<u>236,835</u>
<b>Total assets</b>	<u>28,542,595</u>	<u>28,789,836</u>	<u>29,198,721</u>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities	501,382	828,523	724,019
Deposits from registrants	<u>2,943,648</u>	<u>2,641,648</u>	<u>2,540,528</u>
<b>Total current liabilities</b>	3,445,030	3,470,171	3,264,547
<b>LEASEHOLD INDUCEMENT</b>	<u>63,910</u>	<u>75,251</u>	<u>86,591</u>
<b>Total liabilities</b>	<u>3,508,940</u>	<u>3,545,422</u>	<u>3,351,138</u>
<b>NET ASSETS</b>			
Restricted for the Ontario Travel Industry Compensation Fund	24,038,718	24,697,605	25,343,409
Invested in equipment	183,926	235,674	236,835
Unrestricted	<u>811,011</u>	<u>311,135</u>	<u>267,339</u>
<b>Total net assets</b>	<u>25,033,655</u>	<u>25,244,414</u>	<u>25,847,583</u>
<b>Total liabilities and net assets</b>	<u>28,542,595</u>	<u>28,789,836</u>	<u>29,198,721</u>

Commitments and contingencies (Note 7)

APPROVED ON BEHALF OF THE BOARD:

\_\_\_\_\_  
Signed "Michael Janigan", Chair of the Board

\_\_\_\_\_  
Signed "Jeff Element", Chair of the Audit Committee

See accompanying notes to the financial statements.

TRAVEL INDUSTRY COUNCIL OF ONTARIO  
**STATEMENT OF CHANGES IN NET ASSETS**  
 FOR THE YEAR ENDED

	Invested In Equipment	Restricted For The Ontario Travel Industry Compensation Fund	Unrestricted	March 31, 2013 Total	March 31, 2012 Total
	\$	\$	\$	\$	\$
Balance, beginning of year	235,674	24,697,605	311,135	25,244,414	25,847,583
Excess of (expenses over revenues)	—	(692,523)	481,764	(210,759)	(603,169)
Purchase of equipment	4,985	(3,240)	(1,745)	—	—
Amortization of equipment	<u>(56,733)</u>	<u>36,876</u>	<u>19,857</u>	<u>—</u>	<u>—</u>
Balance, end of year	<u>183,926</u>	<u>24,038,718</u>	<u>811,011</u>	<u>25,033,655</u>	<u>25,244,414</u>

See accompanying notes to the financial statements.

TRAVEL INDUSTRY COUNCIL OF ONTARIO  
**STATEMENT OF OPERATIONS**  
 FOR THE YEAR ENDED MARCH 31,

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>		
Renewals	1,042,535	1,023,927
Semi-annual payments from registrants	701,030	682,229
New registrants	373,325	400,800
Investment income	709,616	1,357,708
<b>Total revenue</b>	<u>2,826,506</u>	<u>3,464,664</u>
<b>EXPENSES</b>		
Claims and trip completion costs	165,333	469,292
Closure expenses	—	4,264
Professional fees and services	11,691	33,314
<b>Total claim and closure related costs</b>	177,024	506,870
Recoveries	(195,214)	(65,549)
Special recovery (Note 3)	<u>(285,493)</u>	<u>—</u>
<b>Net claim and closure related (recoveries) costs</b>	(303,683)	441,321
Salaries and benefits	1,650,906	1,624,406
Inspections, compliance and prosecutions	520,692	495,502
Consumer and registrant awareness	327,564	574,226
Rent	184,821	187,510
General and office	150,704	169,999
Board meeting expense	138,859	222,899
Ontario Government oversight fees	119,403	109,111
Computer	66,079	98,191
Actuary report	53,209	—
Insurance	40,064	40,392
Professional fees	36,589	27,713
Travel	8,426	7,878
Credit checks	8,032	7,851
Consumer advisory committee	3,115	3,339
Regulatory reform and education standards	(24,248)	(43)
Amortization	56,733	57,538
<b>Total expenses</b>	<u>3,037,265</u>	<u>4,067,833</u>
<b>Excess of (expenses over revenues)</b>	<u>(210,759)</u>	<u>(603,169)</u>

See accompanying notes to the financial statements.

TRAVEL INDUSTRY COUNCIL OF ONTARIO  
**SCHEDULE TO STATEMENT OF OPERATIONS**  
 FOR THE YEAR ENDED MARCH 31, 2013

	<b>TOTAL</b>	<b>COMPENSATION FUND</b>	<b>TICO</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>			
Renewals	1,042,535	–	1,042,535
Semi-annual payments from registrants	701,030	701,030	–
New registrants	373,325	–	373,325
Investment income	<u>709,616</u>	<u>675,246</u>	<u>34,370</u>
<b>Total revenue</b>	<u><b>2,826,506</b></u>	<u><b>1,376,276</b></u>	<u><b>1,450,230</b></u>
<b>EXPENSES</b>			
Claims and trip completion costs	165,333	165,333	–
Professional fees and services	<u>11,691</u>	<u>11,691</u>	<u>–</u>
<b>Total claim and closure related costs</b>	177,024	177,024	–
Recoveries	(195,214)	(195,214)	–
Special recovery (Note 3)	<u>(285,493)</u>	<u>(285,493)</u>	<u>–</u>
<b>Net claim and closure related (recoveries) costs</b>	(303,683)	(303,683)	–
Salaries and benefits	1,650,906	1,073,089	577,817
Consumer and registrant awareness	327,564	212,917	114,647
Inspections, compliance and prosecutions	520,692	520,692	–
Board meeting expense	138,859	90,258	48,601
Rent	184,821	120,134	64,687
General and office	150,704	97,958	52,746
Ontario Government oversight fees	119,403	77,612	41,791
Computer	66,079	42,951	23,128
Insurance	40,064	26,042	14,022
Professional fees	36,589	23,783	12,806
Travel	8,426	5,477	2,949
Credit checks	8,032	5,221	2,811
Consumer advisory committee	3,115	2,025	1,090
Regulatory reform and education standards	(24,248)	(15,761)	(8,487)
Actuary report	53,209	53,209	–
Amortization	<u>56,733</u>	<u>36,875</u>	<u>19,858</u>
<b>Total expenses</b>	<u><b>3,037,265</b></u>	<u><b>2,068,799</b></u>	<u><b>968,466</b></u>
<b>Excess of (expenses over revenues)</b>	<u><b>(210,759)</b></u>	<u><b>(692,523)</b></u>	<u><b>481,764</b></u>

See accompanying notes to the financial statements.

TRAVEL INDUSTRY COUNCIL OF ONTARIO  
**STATEMENT OF CASH FLOWS**  
 FOR THE YEAR ENDED MARCH 31,

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of expenses over revenues	(210,759)	(603,169)
Adjustments for:		
Amortization	56,733	57,538
Unrealized gains on investments	<u>(11,961,435)</u>	<u>59,390</u>
	(12,115,461)	(486,241)
Net changes in non-cash working capital balances:		
Prepaid expenses and deposits	(41,293)	2,323
Accounts payable and accrued liabilities	(328,401)	103,475
Deposits from registrants	302,000	101,120
Leasehold inducement	<u>(11,341)</u>	<u>(11,340)</u>
	<u>(79,035)</u>	<u>195,578</u>
Cash flows from operating activities	<u>(12,194,496)</u>	<u>(290,663)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(10,600,000)	(2,828,480)
Redemption of investments	23,242,702	3,445,199
Disposal of equipment	–	918
Purchase of equipment	<u>(4,986)</u>	<u>(57,295)</u>
Cash flows from investing activities	<u>12,637,716</u>	<u>560,342</u>
Change in cash and cash equivalents	443,220	269,679
Cash and cash equivalents, beginning of year	<u>5,429,009</u>	<u>5,159,330</u>
Cash and cash equivalents, end of year	<u><u>5,872,229</u></u>	<u><u>5,429,009</u></u>
<b>CASH AND CASH EQUIVALENTS CONSIST OF:</b>		
Cash	4,266,378	3,427,670
Cash equivalents	<u>1,605,851</u>	<u>2,001,339</u>
	<u><u>5,872,229</u></u>	<u><u>5,429,009</u></u>
<b>SUPPLEMENTAL INFORMATION</b>		
Restricted cash received for settlement of claims payable (Note 3)	–	284,233

See accompanying notes to the financial statements.

TRAVEL INDUSTRY COUNCIL OF ONTARIO  
**NOTES TO THE FINANCIAL STATEMENTS**  
MARCH 31, 2013

**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 (Note 7(a)) and to achieve the Government of Ontario’s 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 been paid to 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.

The Fund also pays for certain repatriation related expenses. Under certain conditions, the Fund also pays claims resulting from the failure of cruiselines and airlines (end suppliers) to provide travel services.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Adoption of Accounting Policies:**

Effective April 1, 2011, TICO adopted the requirements of Part III of the Canadian Institute of Chartered Accountants (“CICA”) Accounting Handbook and has adopted Canadian accounting standards for not-for-profit organizations. This framework is in accordance with Canadian GAAP. These are the first financial statements prepared in accordance with the new framework which has been applied retrospectively. The accounting policies set out in the significant accounting policies note have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information presented in these financial statements for the year ended March 31, 2012, and in the preparation of the opening statement of financial position at April 1, 2011, which is TICO’s date of transition.

TICO previously issued financial statements for the year ended March 31, 2012 using generally accepted accounting principles prescribed by the CICA Handbook

– Accounting XFI. The adoption of Canadian accounting standards for not-for-profit organizations had no impact on the previously reported assets, liabilities and net assets of TICO, and accordingly, no adjustments have been recorded in the comparative statements of financial position, statement of operations, statement of changes in assets and statement of cash flows. Certain of the TICO’s presentation and disclosures included in these financial statements reflect the new presentation and disclosure requirements of Canadian accounting standards for not-for-profit organizations. Outlined below are those accounting policies considered particularly significant.

**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, 2018.

**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 an accrual basis.

**Claims:**

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



TRAVEL INDUSTRY COUNCIL OF ONTARIO  
**NOTES TO THE FINANCIAL STATEMENTS**  
MARCH 31, 2013

**Recoveries:**

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

**Director Directed Trip Completion Costs:**

Payments for trip completion under Section 69 of the Regulation are authorized solely by the Director under the Act and are recorded when paid.

**Lease Inducement:**

Lease inducement is amortized on a straight-line basis over the remaining term of the lease, which expires November 30, 2018.

**Use of Estimates:**

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

Allocation of revenues and expenses

TICO's operations are funded solely by Registrants. TICO has two revenue streams namely contributions to the Compensation Fund ("Fund") and Registration fees. TICO's net assets are made up of the Fund which are restricted monies and the TICO Asset which are the unrestricted monies.

Contributions to the Fund are attributed to the Fund while Registration Fees are attributed to the TICO Asset. Investment income is allocated to both the Fund and the TICO Asset on a proportional basis.

Operational expenses are allocated between the Fund and the TICO Asset while direct Fund expenses such as claims are allocated to the Fund. The allocation of operational expenses is based on management estimates of how resources, including staff, are expended to manage the Fund and TICO's overall operations. These estimates are reviewed and updated periodically as determined by management. During 2012, operational expenses were allocated 55% to the Fund and 45% to TICO. Effective April 1,

2012 and for 2013, operational expenses were allocated 65% to the Fund and 35% to TICO.

**Investments:**

Investments consist of fixed income notes bearing interest at rates ranging from 1.45% to 4.30% and with maturity dates ranging from three months to five years from March 31, 2013.

Investments are carried at market value.

**Financial Instruments:**

Financial assets and liabilities are initially recognized and subsequently measured based on their classification as "held-for-trading", "available-for-sale" financial assets, "held-to-maturity", "loans and receivables", or "other" financial liabilities. Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in the statement of operations for the period. Available-for-sale financial assets are measured at their fair value and changes in fair value are included in the statement of changes in net assets until the asset is removed from the balance sheet or until any impairment is determined to be other than temporary. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method. TICO's investments have been classified as held-for-trading. Accounts payable and accrued liabilities have been classified as other financial liabilities.

TICO classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

**Prior year figures:**

Certain prior year figures have been reclassified to conform to the presentation adopted in the current year.

TRAVEL INDUSTRY COUNCIL OF ONTARIO  
**NOTES TO THE FINANCIAL STATEMENTS**  
MARCH 31, 2013

**3. RESTRICTED CASH**

The Ontario Superior Court of Justice approved the discharge of the Judicial Trustee of C3 Leisure Limited o/a Canada 3000 Holidays on December 24, 2009. The Court appointed TICO to administer the funds remaining in the trust account. TICO is to administer the funds until November 18, 2012, at which time after recovering its costs for administration of the funds, the residual funds would be allocated to the Ontario Travel Industry Compensation Fund. The residual funds are to be used for ongoing consumer education and awareness of their rights and responsibilities under the Act. During 2013, \$285,493 was recorded as a special recovery on the statement of operations and allocated to the Fund.

**4. EQUIPMENT**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2013 Net</u>	<u>2012 Net</u>	<u>2011 Net</u>
	\$	\$	\$	\$	\$
Furniture and equipment	222,946	177,233	45,713	57,142	70,080
Computer hardware	90,433	75,282	15,150	17,837	12,206
Computer software	32,258	24,194	8,064	24,194	—
Database	244,416	244,416	—	—	—
Leasehold improvements	204,705	92,117	112,588	133,058	153,529
Vehicle	<u>4,052</u>	<u>1,641</u>	<u>2,411</u>	<u>3,443</u>	<u>1,020</u>
	<u>798,810</u>	<u>614,883</u>	<u>183,926</u>	<u>235,674</u>	<u>236,835</u>

**5. 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.

**6. INCOME TAXES**

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

**7. COMMITMENTS AND CONTINGENCIES**

- (a) Under terms of an Administrative Agreement entered into during January 2013 between TICO and the Ministry of Consumer Services (the "MCS"), TICO is obligated to pay a maximum annual fee, based on cost recovery to the Province of Ontario as follows:

2014	\$ 158,707
2015	198,707

The MCS may increase this annual payment above the maximum amount in any given year in accordance with the terms of the Administrative Agreement. For 2015-16 and subsequent fiscal years, MCS shall determine the payment for each year and will notify TICO at least 18 months in advance of the payment being due.

- (b) TICO is committed to minimum rental amounts under a long-term lease for its premises which will expire November 30, 2018. Minimum rental commitments remaining under this lease approximate \$568,968. Minimum rental commitments for successive years approximate the following:

2014	\$ 94,200
2015	101,736
2016	101,736
2017	101,736
2018 and beyond	<u>169,560</u>
	<u>\$ 568,968</u>

TRAVEL INDUSTRY COUNCIL OF ONTARIO  
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(c) TICO, the Registrar of TICO and the Statutory Director of TICO under the Act are being sued by Sunrise International Travels Inc. for pecuniary and non pecuniary damages of \$2 million and punitive damages of \$1 million. The legal proceedings arose due to Sunrise's registration with TICO being terminated. The outcome of this dispute is currently unknown and, as a result, no amounts have been accrued in the these financial statements related to this matter.

Any claims or costs resulting from the legal proceedings will be charged to operations in the year that they are determined.

(d) During 2011, TICO entered into a retirement agreement with a member of management. The minimum obligation under this contract approximates \$268,000. The effective date of the termination is expected to be March 31, 2014 or later, with the majority of the commitment being payable over a twelve-month period commencing on the effective date of the retirement.

As at March 31, 2013, accounts payable and accrued liabilities includes approximately \$255,677 related to this obligation, which represents the estimated fair value of the obligation at March 31, 2013 using a discount rate of 5% and an expected termination date of March 31, 2014. Salaries and benefits expense for 2013 includes \$11,000 (2012 - \$11,000) related to this obligation.

**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 date of the statement of financial position, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for accounts payable and accrued liabilities on the statement of financial position approximate fair value because of the limited term of these instruments.

As at March 31, 2013, TICO's financial instruments that are carried at fair value, consisting of cash equivalents and investments, have been classified in the following levels:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	\$	\$	\$
Cash equivalents	1,605,851	—	—
Investments	8,909,578	13,188,138	—

As at March 31, 2012, TICO's financial instruments that are carried at fair value, consisting of investments, have been classified in the following levels:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	\$	\$	\$
Cash equivalents	2,001,339	—	—
Investments	15,777,774	7,001,208	—

**Interest Rate Risk:**

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. TICO has investments in financial instruments that include term deposits, short-term notes, bonds and debentures which are subject to interest rate risk.

TICO does not hedge its exposure to interest rate risk as it considers such risk to be minimal.

**Foreign Exchange Risk:**

Foreign exchange risk is the risk that the market value of financial instruments and the associated revenues will fluctuate due to changes in exchange rates. TICO does not use derivatives to modify foreign exchange risk.

TRAVEL INDUSTRY COUNCIL OF ONTARIO  
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**Market Risk:**

Market risk is the risk that a change in market prices, interest rate levels, indices, liquidity and other market factors will result in losses. TICO is exposed to market risk as a result of its investments. TICO mitigates its market risk exposure through controls to limit concentration levels.

**9. CAPITAL DISCLOSURES**

TICO's capital is comprised of its net assets. TICO's objective in managing its capital is to remain a sustainable operation while fulfilling its overall mandate (Note 1). TICO achieves this objective by strong day-to-day management of its cash flows, and by regularly monitoring revenues and expenditures against its operating budget. See also Note 4.

Section 72(2) of Ontario Regulation 26/05 provides that TICO may, from time to time, invest any money of the Fund that is surplus to its immediate requirements in property in which a trustee is authorized to invest, in accordance with the Trustee Act.

The TICO Board adopted the following policy with respect to investing surplus funds of TICO:

A minimum of \$2,000,000 of such surplus funds will be invested in qualifying investments that mature within one year. The remainder of the surplus funds not invested in short-term investments will be invested in qualifying investments, which will be laddered in approximately equal proportions with maturities ranging between 2 and 10 years.

**Approved Investments:**

- Government - all government of Canada bonds and guarantees, all liabilities of Provinces of Canada and their guarantees.
- Banks/Trust Companies/Central Cooperative Credit Societies - Investments include Bearer Deposit Notes (BDNs), Bankers Acceptances (BAs), Guaranteed Investment Certificates (GICs), Certificates of Deposit (CDs) but do not include Swap Deposits. Authorized investments also include other liabilities unconditionally guaranteed by the Banks or the regulated Trust Companies.
- All funds must be invested in Canadian dollar denominated financial instruments.

**Ratings:**

The criteria for the inclusion of a bank, trust company or a central co-operative credit society on this list of authorized investments is:

	<u>One Year or Less (Short Term Paper)</u>	<u>Over One Year in Length</u>
Dominion Bond Rating Service (DBRS)	R-1	A
Canadian Bond Rating Service (CBRS)	A-1	A

**Maximum Holdings:**

Each individual investment in or guaranteed by any one bank, trust company or central cooperative credit society other than the Bank of Nova Scotia, Royal Bank of Canada, Bank of Montreal, Toronto-Dominion Bank and Canadian Imperial Bank of Commerce should not exceed 3% of the total amount invested and the aggregate of such investments should be not more than 20% of the total amount invested.



# Business Plan

April 1, 2013 – March 31, 2016

In assuming the delegation from the Ontario Government for administering the *Travel Industry Act, 2002*, which governs approximately 2,500 travel retailers and wholesalers registered in Ontario, TICO established an initial agenda not just to administer its delegated responsibilities in the public interest, but also to elevate the travel industry to new levels in consumer protection, professional standards and regulatory compliance. TICO's mission, vision and values will serve as guiding principles to staff and Board members and against which all initiatives will be measured.

The 16<sup>th</sup> year Business Plan which follows outlines:

- The specific objectives, actions and performance measures for accomplishing the agenda in an ongoing three-year planning period.
- The operating environment established to support it.

## Business Objectives

### Environment

People want to travel and they make it a priority. Despite the current climate of economic uncertainty, travel sales are increasing and the travel industry continues to prove its resilience and its ability to overcome negative external factors. That is not to say that it is easy to make money in the travel industry. Increased sales do not necessarily mean greater profitability. Overcapacity in the industry and pricing pressures has meant declining revenues and lower profits for some operators. With heightened competition in a multi-channel environment, businesses that want to succeed need to differentiate their offerings, enhance the customer experience and build brand loyalty. They need to harness technology to improve operations, to leverage social media platforms and to keep up-to-date on an increasing amount of information to meet consumer expectations.

Consumers want great products, exceptional service and low prices. If something goes wrong, they want to be protected and compensated. If they are not satisfied, the media may be approached to cover the story or the individual can blog about it for all to see. It would be hard to find someone who is not aware of the recent cruise industry challenges. One of the biggest concerns that consumers have about travel are the fees.

With ancillary fees so prevalent in the travel industry, there has been a demand by consumers for more transparency with respect to pricing. In December 2012, the Canadian Transportation Agency (CTA) introduced new regulations regarding how airline services are advertised. The goal was to enable consumers to easily determine the total advertised air price and to promote fair competition between all advertisers in the air travel industry. The new rules require air service advertisers to display the total price a consumer must pay in order to fly, including all taxes, fees and charges. The regulations apply to the price of air services advertised in any media to the public for travel within or originating in Canada. This change is good for consumers and should provide a more level playing field for those operating in the industry. Ontario registrants have been subject to price advertising rules under Ontario Regulation 26/05 for many years and TICO had been encouraging the federal government to make changes with respect to the advertising of air services to better protect consumers.

TICO is mindful of the fact that registrants are competing with other travel service providers who may not be subject to the same requirements, for example, out of province operators. TICO is constantly striving to balance the need to protect consumers without unduly burdening and restricting business. Over the next year, TICO will continue to work in partnership with the Ministry of Consumer Services to explore opportunities for enhancing the requirements of the *Travel Industry Act, 2002* and Ontario Regulation 26/05 to ensure that any gaps in consumer protection as a result of new developments in the industry, new technologies, or changes to the business model of how travel services are being sold, are addressed. TICO is looking at how social media and the increasing use of mobile devices are impacting the industry. As well, it is examining the implications of businesses using more home-based agents. Consolidation has also been impacting the industry for a number of years and is likely to continue to have an impact in the years ahead. TICO is watching all of these developments in the industry to try to ensure that it is prepared to deal with challenges and capitalize on opportunities to successfully achieve its mandate.

Over the next year, TICO will be continuing its registrant engagement activities. TICO wants to improve its communications so registrants have the timely information they require to assist their consumers in a format that suits their needs. TICO will be working with registrants to spread the consumer protection message to the public. Everyone can benefit from a fair and informed marketplace where consumers can be confident in their travel purchases.

## Strategic Priorities

As a result of the changing environment in the industry, the TICO Board of Directors has set the following strategic priorities for the future. The Board considered short term, medium term and long range goals. The Business Objectives that TICO will focus on in this 3-year Business Plan are listed below. TICO may also initiate some preliminary work on the objectives found in Horizons 2 and 3 over the next year. You will note that the latter Horizons are classified “0-5” and “0-10” to reflect this.

### **HORIZON 1 (0-3 years)**

In partnership with the Ministry, consider enhancements to the consumer protection provided by the Compensation Fund.

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

Review and provide advice to the Ministry on potential changes to the *Travel Industry Act, 2002* and Ontario Regulation 26/05.

Promote registrant engagement.

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

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

Participate in exploring the feasibility of a national travel compensation fund with other stakeholders and promote the protection of consumers across Canada.

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

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



## Business Objectives for 2013/2014:

### OBJECTIVE #1: In partnership with the Ministry, consider enhancements to the consumer protection provided by the Compensation Fund.

#### Performance Goal:

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

#### Performance Measures for 2013/2014:

- Utilize stakeholder feedback to identify possible enhancements to the coverage provided by the Compensation Fund.
- Work with the Ministry to determine how to address gaps in consumer protection.

### OBJECTIVE #2: Review the business model of how travel services are being sold.

#### Performance Goal:

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

#### Performance Measures for 2013/2014:

- Assess whether gaps exist in consumer protection in light of social media and the Internet.
- In consultation with the Ministry, determine if there are opportunities to close the gaps through legislative, regulatory and/or policy changes to ensure appropriate consumer protection measures are in place.

### OBJECTIVE #3: Review and provide advice to the Ministry on potential changes to the *Travel Industry Act, 2002* and Ontario Regulation 26/05

#### Performance Goal:

- Enhance the effectiveness of the Act and the Regulation's high level of

consumer protection, ensuring that the requirements are achievable by registrants.

#### Performance Measures for 2013/2014:

- Review the Act and the Regulation to determine where changes would be beneficial.
- Meet with government representatives to discuss possible enhancements to the Act and the Regulation.
- In collaboration with the Ministry and upon government direction, consult with stakeholders on potential changes.
- Review feedback received from the consultation process and provide advice to the Ministry.

### OBJECTIVE #4: Promote Registrant Engagement

#### Performance Goals:

- Increase registrant understanding of TICO's roles and develop opportunities to foster more interaction and dialogue.

#### Performance Measures for 2013/2014:

- Use feedback obtained by registrant survey and roundtable sessions to identify gaps in TICO communications with registrants and identify opportunities to enhance understanding of TICO's mandate.
- Provide registrants with opportunities to engage with TICO to provide feedback and a dialogue to promote a better understanding.
- Conduct registrant webinars on accounting and financial requirements to assist registrants with financial compliance issues.
- Improve registrant knowledge of the tools available to assist them in educating consumers as to the benefits of dealing with TICO registrants.
- Increase the use of the TICO logo and collateral materials related to TICO's Consumer Awareness Campaign.



## TICO Performance Measures 2013/2014

As part of its efforts to indicate that it is promoting a fair and informed marketplace where consumers can be confident in their travel purchase, TICO will be publicly tracking and reporting on the following Measures:

### Consumer Awareness and Education:

#### 1. TICO's Consumer Awareness Campaign ensures that consumers are aware of the existence of TICO.

##### Performance Goal

- To increase the awareness of the TICO brand among Ontario travellers.

##### Performance Measure

- Identify percentage of consumers surveyed who report that they are aware of the existence of TICO.

#### 2. TICO's Consumer Awareness Campaign ensures that consumers understand the roles that TICO performs and the benefits of booking travel services through an Ontario registered travel agent.

##### Performance Goal

- To increase the percentage of consumers surveyed who identified at least one of TICO's roles correctly.

##### Performance Measures

- Identify percentage of consumers surveyed who could identify the roles that TICO performs.
- Identify percentage of consumers surveyed who understand that they must purchase their travel services from an Ontario registered travel agency to obtain the protection of TICO and the Compensation Fund.

### Consumer Protection:

#### 1. TICO's Financial Inspection Program ensures that consumers are better protected through financial inspections and monitoring.

##### Performance Goal

- Less than 5% of registrants with working capital or financial statement compliance issues result in claims against the Compensation Fund.

##### Performance Measures

- Identify the number of site inspections completed.
- Identify the number of bench reviews completed.
- Identify the number of registrants with working capital deficiencies, which resulted in inspections, proposals and terminations (revocations and voluntary terminations).
- Identify the number of registrants who failed to file their financial statements on time, which resulted in inspections, proposals and terminations (revocations and voluntary terminations).
- Identify the number of registrants with working capital deficiencies and financial statement filing compliance issues that failed and resulted in claims against the Compensation Fund.

#### 2. TICO's Compensation Fund provides timely and fair resolution of claims.

##### Performance Goal

- For claims received during the year, 70% of approved claims were processed within 120 days of receipt.

##### Performance Measures

- Identify the number of claims received during the year.
- Identify the value of the claims received during the year.
- Identify the value of claims received during the year that were paid.
- Identify the number of consumers assisted during the year.
- Identify the average time to resolve claims received during the year.
- Identify the percentage of claimants surveyed who report the process was timely and fair.
- Identify the number of LAT claim appeals and results.

## TICO REVENUE AND EXPENSE FORECAST

	Business Plan 2013/2014	Business Plan 2014/2015	Business Plan 2015/2016
<b>Revenues</b>			
Semi-Annual Assessments	1,175,000	1,750,000	1,750,000
New Registrations	235,000	235,000	235,000
Renewals	1,022,000	1,022,000	1,022,000
Interest	<u>566,000</u>	<u>568,000</u>	<u>538,000</u>
	2,998,000	3,575,000	3,545,000
<b>Operating Expenses</b>			
Compensation Fund Claims	640,000	640,000	640,000
Salaries & Benefits	1,852,000	1,798,000	1,834,000
Administration	1,151,000	1,174,000	1,197,000
Industry Initiatives	872,000	538,000	538,000
Inspections & Compliance	<u>600,000</u>	<u>612,000</u>	<u>624,000</u>
	5,115,000	4,762,000	4,833,000
Excess Receipts over Payments	(2,117,000)	(1,187,000)	(1,288,000)
Net Compensation Fund/TICO Assets beginning of period	<u>24,850,000</u>	<u>22,733,000</u>	<u>21,546,000</u>
Total Compensation Fund/TICO Assets	<u>22,733,000</u>	<u>21,546,000</u>	<u>20,258,000</u>
<b>Compensation Fund/ TICO Assets Breakdown</b>			
Compensation Fund Asset	21,867,000	20,607,000	19,266,000
TICO Asset	<u>866,000</u>	<u>939,000</u>	<u>992,000</u>
	<u>22,733,000</u>	<u>21,546,000</u>	<u>20,258,000</u>

**Notes:**

1. Compensation Fund Assessments assume that the rate is .15 per \$1,000 for retail and wholesale sales effective May 1, 2013. For 2014/2015 and 2015/2016, it is assumed the Compensation Fund rate will be .15 per \$1,000 of sales.
2. Registration Fees based on current rates.
3. Interest assumed to be 2.50% per annum.
4. Salaries & Benefits in 2013/2014 assume CEO transition expenses that are one time costs and are not included in 2014/2015 and 2015/2016.
5. Industry Initiatives include in 2013/2014, Consumer Awareness Campaign \$750,000, \$36,000 for Education Standards, \$16,000 for Consumer Advisory Committee, \$60,000 for the Regulatory Reform and \$10,000 for communications. For 2014/2015, Consumer Awareness Campaign \$500,000, \$16,000 for Consumer Advisory Committee, \$12,000 Education Standards and \$10,000 for communications. For 2015/2016, Consumer Awareness Campaign \$500,000, and \$16,000 for Consumer Advisory Committee and \$12,000 Education Standards and \$10,000 for communications.

## TICO BOARD OF DIRECTORS 2013-14 (as of March 31, 2013)

### Industry Representatives

Coralie Belman, CTM  
Certified Travel Manager  
Coralium Consulting  
Toronto, ON

Jim Diebel – **Vice Chair**  
President  
Hanover Holiday Tours Limited  
Hanover, ON

Jeff Element  
President  
Travel Corporation Canada  
Toronto, ON

Louise Gardiner  
Senior Director, Leisure Travel - Canada  
Carlson Wagonlit Travel  
Toronto, ON

Daryl McWilliams  
Vice President Sales & Marketing  
Sunwing Travel Group  
Toronto, ON

Thanushka Nanayakkara, CTM  
President  
NARAT Incorporated  
Toronto, ON

Paul Samuel, CTM  
President  
Overseas Travel Ltd.  
Toronto, ON

Scott Stewart  
President  
G. Stewart Travel Services Ltd.  
Peterborough, ON

Richard Vanderlubbe  
President  
Travel Superstore Inc.  
Hamilton, ON

### Ministerial Appointments

Jean Hébert  
Senior Consultant  
Raymond Chabot Grant Thornton & Co.  
Ottawa, ON

Michael Janigan, J.D., LL.M. – **Chair**  
Special Counsel, Consumer & Regulatory Affairs  
Public Interest Advocacy Centre (PIAC)  
Ottawa, ON

Patricia Jensen  
Member  
Consumers Council of Canada  
Toronto, ON

Shaher Bano Noor, CPA, CA, CFP  
Managing Partner  
Rosenthal Pervez & Noor LLP  
Chartered Accountants  
Mississauga, ON

Dr. James Savary  
Department of Economics  
Glendon College,  
York University  
Toronto, ON

## BOARD OF DIRECTOR BIOGRAPHIES

### 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 17th anniversary with The Travel Corporation Group of Companies in 2013. 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.

### Jim Diebel

Hanover Holiday Tours has been operating escorted Motor Coach Tours across Canada and the United States since 1974. Jim Diebel joined the company in 1986 and in 1993 purchased the company, along with his wife, Diane. The company has grown dramatically, yet remained firmly committed to selling its tour packages through Travel Agents. In addition to being elected to the TICO Board in the fall of 2012, Jim also serves TICO's Governance Committee as its chair, and is a member of the E-Commerce, Expanded Coverage and Complaints Committees. In his capacity as Vice Chair of the Board, Jim is honoured to serve the Organization through the work of the Executive Committee. Beyond TICO, Jim has also served on numerous Committees and Boards including as a Board member of Motor Coach Canada and the American Bus Association.

### Coralie Belman, CTM

In 2010 Coralie started her own consulting business, Coralium Consulting following a 20+ year employment with the trade association The Canadian Institute of Travel Counsellors (CITC). She has taken her varied experience background and used it to facilitate meeting & event management functions for clients, produce training programs for travel & tourism companies (tour operators, tourist boards, travel agencies, hotels etc.), instruct travel topics at Seneca College, write articles on social media, travel industry events or destinations and produce more in-depth projects related to HR management, occupational standards and certification for tourism workers such as the Travel Counsellor Study Guide for the Canadian Tourism Human Resource Council (CTHRC). She is qualified as a subject matter expert and adult education learner for the Ontario Ministry of Education and reviews new program applications for travel & tourism courses. She currently looks after the corporate travel needs, and meetings and events management, for three clients in Alberta. In order to meet total fulfilment of their travel requirements, she joined Travel Professionals International (TPI) as a home-based travel counsellor. She is also occupied with some destination representation, including one year as the Canadian contact for the city of Tokyo. Coralie serves on TICO's Compensation Fund, Complaints and Education Standards Committees.

### Louise Gardiner

Louise Gardiner is Senior Director Leisure Travel Canada, a member of the executive team at Carlson Wagonlit Travel and responsible for setting and implementing CWT's Leisure Travel Strategy for Canada. She oversees the leisure operational execution of 150 leisure travel locations which represent over 700 employees within Canada for both the Leisure and Local Business (LLB) branches as well as the Associate Franchise Network. Louise also oversees CWT Canada's Leisure Technology Division.

Louise resides in Kitchener Ontario, has served as President of the Rotary Club of Kitchener (2002) and was nominated for Kitchener Waterloo Woman

of the Year for her philanthropic community efforts. She continues to be involved with Rotary today as a Past President and Rotary Board Member. She currently sits on the ACTA Ontario Council and serves on TICO's E-Commerce and Business Strategy Committees.

### **Jean Hébert**

Jean Hébert is a senior consultant with the Performance and Strategic Consulting Group at Raymond Chabot Grant Thornton in Ottawa. He has been a consultant in strategic planning and positioning and in government relations since 2006. He has worked for more than fifteen years at the provincial and federal level as a senior policy advisor and ministers' chief of staff in various government departments. He also worked at a senior management level and special advisor to the chairman of the board of Canada Post Corporation.

Mr. Hébert was born in Québec where he also obtained his bachelor degree in political sciences with Honors in public administration. He joined the TICO Board in 2011 as a ministerial appointee and serves on TICO's Governance and Legislative & Regulatory Review and Audit Committees.

### **Michael Janigan, J.D., LL.M.**

Michael Janigan is the Special Counsel for Consumer and Regulatory Affairs of the Public Interest Advocacy Centre (PIAC) located in Ottawa, Canada. The Centre provides legal services and research in issues involving the delivery of important public services 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 located in Ottawa and Toronto.

The Centre has been engaged in transportation issues on behalf of the travelling public, and, as a partner with the travel industry, has engaged in advocacy in support of consumer protection and passenger rights in airline travel. PIAC has made presentations before House and Senate Committees in support of all-in price requirements for airline advertising to level the playing field with

the current required practice in the travel industry.

Mr. Janigan was the Executive Director of the Centre from 1992 to 2012. Prior to joining the Centre, 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 law degree. He has also received an LL.M degree in competition law from the University of London. He has been called to the Bar of the Law Society of Upper Canada and is also a member of the State Bar of California.

### **Daryl McWilliams**

Daryl is a graduate of McMaster University with a Bachelor of Arts degree in Philosophy of Religion. He entered the travel industry in 1970 and held a variety of management and executive positions at Sunflight Holidays and Skylark Vacations before founding his own company, Paramount Holidays, in 1981. Following the sale of Paramount, he launched Encore Cruises in partnership with International Travel Holdings in 1991 until selling his interest to U.K. based First Choice in 1995. After a brief stint in retail travel, Daryl joined Sunwing Vacations in 2004 where he holds the position of Vice President Sales and Marketing. He was one of the founding members of CATO and is still involved with the organization, currently holding the position of Vice Chairperson.

### **Thanushka Nanayakkara, CTM**

President and CEO of NÂRAT, Thanushka Nanayakkara, CTM, is a 3rd generation industry veteran from a family that had pioneered travel in parts of the world, and helmed world travel industry bodies including presidency of the United Federation of Travel Agents Associations (UFTAA), in addition to chairing international Tourism Boards.

His extensive travel industry experience entails managing positions within major facets of the industry, including leading retail agencies, tour wholesalers, tour operators, airline consolidators, coach transport companies and air transport companies.

Thanushka Nanayakkara holds College and University qualifications in Business and Cultural Studies, and is professionally accredited with the Canadian Institute of Travel Counsellors (CITC) as CTM and participates on Seneca College's Tourism Faculty Advisory Committee.

He is a member of the Ontario Board of Directors for the Association of Canadian Travel Agencies (ACTA) and sits as its representative on the Travel Industry Council of Ontario (TICO) Board. He is a standing member of the Travel and Tourism Research Association (TTRA), represented by the Tourism Industry Association of Canada (TIAC).

A well regarded Public Speaker, his literary insights have been published in Canadian and international journals and has published the professional advice column Experience Matters for Travel Agents in the Travel Courier magazine, one of Canada's leading travel trade publications

### **S. Bano Noor, CPA, CA, CFP**

Ms. S. Bano Noor is the Managing Partner of Rosenthal Pervez & Noor, LLP, a CA Firm in Mississauga, Ontario and practices in the areas of financial analysis, assurance services, financial & tax planning, and risk management for a diverse portfolio of her clientele. She has worked in various capacities in regional and national accounting firms in the Greater Toronto Area for over 25 years. She has gained expertise in municipal audits, financial controls and reporting requirements to municipal councils and provincial governing bodies. Ms. Noor is a member in good standing of the Institute of Chartered Accountants of Ontario (ICAO), and is also a Certified Financial Planner (Canada), a Certified Management Accountant (US) and a Certified Public Accountant (US). She is currently the President of the Chapter of Halton Peel Chartered Accountants

Association where she recently served as the Treasurer. Ms. Noor is a ministerial appointee on the TICO Board for a term of two years and is a member of the TICO Audit Committee and the Business Strategy Committee.

### **Patricia Jensen**

Patricia is a ministerial appointee on the TICO Board and, since December 2007 has served as Statutory Director. She sits on the Executive Committee, Compensation Fund, Education Standards and Expanded Coverage Committees of the Board. Patricia is also a member of the Consumers Council of Canada, and Chair of 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. Patricia is Professor Emeritus, Ryerson University.

### **Paul Samuel, CTM**

Paul Samuel is president and owner of Overseas Travel Limited, one of Toronto's oldest independent agencies. Paul has over 28 years of experience in the travel industry. From junior counsellor to manager and owner, Paul has witnessed the enormous changes in the industry and has first-hand knowledge of the challenges facing travel retailers in Ontario. Paul is passionate about travel and feels that all segments of the trade should strongly promote our professionalism, qualifications and experience. This is why Paul supports the mission of TICO to maintain an equitable and informed marketplace for travel in Ontario as it only serves to benefit everyone. Paul also serves on the Ontario council of the Canadian Institute of Travel Counsellors (CITC) and also on the board of the Association of Canadian Travel Agencies (ACTA). Paul was elected to the Board of Directors for TICO in 2011 and serves on the Legislative & Regulatory Review and Business Strategy Committees.

Paul graduated from York University with a Bachelor of Arts degree in Political Science and then completed an Honours Bachelor of Commerce from the

University of Windsor. Paul has recently completed a graduate certificate in Public Relations at Ryerson University and has obtained the Certified Travel Manager designation from CITC.

### **James R. Savary**

Dr. James Savary is Associate Professor of Economics Emeritus at York University in Toronto, where he taught courses in money, banking and finance, the multinational enterprise, and electronic commerce. He joined the TICO board in 2008 as a ministerial appointee. James is a member and past Chair of the Board of Directors of the Canadian Motor Vehicle Arbitration Plan, and a former member of the Board of Directors of the Ombudsman for Banking Services and Investments. He has also been a member and past chair of the Stakeholder Advisory Council of the Canadian Payments Association.

### **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 and Belleville. Their family owned and operated agencies, since 1974, hold both retail and wholesale licenses. For 26 years Scott has been very involved in the travel industry and is currently serving TICO as an OMCA representative on the Board. He sits actively on the OMCA board as well as on the Canadian Advisory Council for Carlson Wagonlit Canada. As well as his role as a Director on TICO's Board, he also serves as Chair of the Business Strategy Committee and is a member of the Audit Committee, the Compensation Fund Committee and the Legislative & Regulatory Review Committee.

### **Richard Vanderlubbe**

President and co-founder of Tripcentral.ca, a hybrid travel agency with 24 locations and a national website. Richard started in the retail travel business in 1989 with a small agency in Hamilton. Richard has held numerous positions with industry associations including Chair of the Association of Canadian Travel Agencies (ACTA) and past Chair of the Board of Directors for the Travel Industry Council of Ontario. As well as his current role as a Director on TICO's Board, he also serves on TICO's Expanded Coverage Committee, Governance Committee, E-Commerce Committee and the Legislative & Regulatory Review Committee.

## BIOGRAPHY OF MICHAEL PEPPER,

President & Chief Executive Officer and Registrar, *Travel Industry Act, 2002*

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Michael Pepper serves as President and C.E.O. of the Travel Industry Council of Ontario (TICO), having first been appointed in 1997. He is responsible for carrying out TICO's strategic plans and objectives as established by the Board of Directors, and is an ex-officio member of the Board.

Immediately prior to his appointment, Michael worked at the Ontario Government's Ministry of Consumer and Commercial Relations Business Division from 1991 to 1997. He held the positions of Registrar Travel Industry Act from 1991 to 1995, and Registrar Consumer Protection Act, Consumer Reporting Act, Collections Agency Act and Bailiffs Act from 1995 to 1997. His tenure there provided him with an extensive knowledge of Ontario's travel industry, government regulatory functions and consumer protection legislation.

Michael's private sector experience includes holding various senior management positions within the regulatory framework of the international shipping industry. He served as Manager, UK Inspection Services for International Shipping Trustees, U.K., from 1972 to 1977 in London England before moving to Montreal in 1977 as Vice President of International Shipping Trustees (Canada), a subsidiary of Geneva based S.G.S. He later transferred to New York in 1983 as President of its U.S. subsidiary where he remained until 1986. From 1986 until 1990, he was a member of the Board of Directors with the Swiss based The Adherence Group AG, Zurich, responsible for regulating international shipping for two of its Group companies in the U.S. and Canada.

Michael was a founding member of the Advisory Board of the Training Completion Assurance Fund in 2007 and served as its Vice Chair until 2009. He is a past member of the Board of Directors for Credit Counseling Services of Toronto having served from 1998 until 2002.



## BIOGRAPHY OF MARY-ANN HARRISON, CPA, CA

### Director of Operations / Chief Financial Officer & Treasurer

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Mary-Ann Harrison graduated from Brock University in 1988 with a Bachelor of Administration (Honours) degree. In 1990, Mary-Ann obtained her Chartered Accountant designation from the Institute of Chartered Accountants of Ontario, with Chartered Professional Accountant designation following thereafter. Mary-Ann initially worked in public accounting for an accounting firm in Georgetown and subsequently for a downtown – Toronto based law firm. In 1998 Mary-Ann joined TICO as the Financial Controller. She was subsequently promoted to Director of Operations and Chief Financial Officer. Mary-Ann also acts as Deputy Registrar in instances where the Registrar so directs. Mary-Ann has direct responsibility for a number of departments within TICO including Financial Operations, Investigations and Financial & Compliance Inspections.

## BIOGRAPHY OF TRACEY MCKIERNAN, LL.B.

### Legal Counsel & Corporate Secretary

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Tracey McKiernan is Legal Counsel & Corporate Secretary for the Travel Industry Council of Ontario (TICO). She has been involved in the legislative and regulatory review process at TICO since 1998 leading up to the changes to the *Travel Industry Act, 2002* and Ontario Regulation 26/05. Ms. McKiernan received her B.A. (Honours) in Sociology from the University of Western Ontario and her LL.B. from Osgoode Hall Law School.

## Statutory Appointments

Patricia Jensen  
Statutory Director,  
*Travel Industry Act, 2002*

Michael Janigan  
Deputy Director,  
*Travel Industry Act, 2002*

Michael Pepper  
Statutory Registrar,  
*Travel Industry Act, 2002*

Mary-Ann Harrison  
Deputy Statutory Registrar,  
*Travel Industry Act, 2002*

## TICO Staff

(as of March 31, 2013)

President & Chief Executive Officer  
**Michael Pepper**

Director of Operations/Chief Financial  
Officer & Treasurer  
**Mary-Ann Harrison, CPA, CA**

Director, Customer Service & Stakeholder  
Relations  
**Dorian Werda**

Legal Counsel & Corporate Secretary  
**Tracey McKiernan, LL.B.**

Legal Counsel  
**Soussanna Karas, LL.B., LL.M.**

Registration Co-ordinator  
**Cora Reyes**

Registration Officer  
**Anabel Andre**  
**Paula Oliveira**

Form 1 and Claims Co-ordinator  
**Lori Furlan**

Complaints Officer  
**Paula Ferreira**  
**Barbara Wesley**

Compliance Officer

**Eric Neira**  
**Tina Shewchuk**

Client Services Representative  
**Jana Arthur**

Financial Inspections Supervisor  
**Sanja Skrbic, CPA, CA**

Financial Inspector,  
Designated by the Registrar  
**Fred Angus, CGA**  
**Maria Descours, CMA**  
**Mathew Gearges, CMA**  
**Timothy James, CGA**

Provincial Offences Officer  
**Doug Fritz**  
**Debra Bodkin**

Executive Assistant  
**Heather Wilkins**

Administrative Assistant  
**Susan Janko**

## Auditors

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





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