



Travel Industry Council of Ontario



2017
Annual Report &
Business Plan



Rocky Mountains

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Travel the World



Message From Chair

June 20, 2017

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

Dear Minister MacCharles,

It is with great pleasure, and my honor, to provide my report on a successful year in enhancing Ontario's consumer protection framework for consumers and industry. The Travel Industry Council of Ontario's (TICO) Board of Directors, through a healthy and collaborative relationship with management, have provided oversight and direction towards improving consumer awareness, strengthening consumer protection and working with industry to ensure the system remains fair and balanced. Net claims against the industry financed Compensation Fund during the most recent year are among the lowest levels experienced since TICO's inception. TICO, now celebrating its 20th year of operation, remains committed to working with government and industry to ensure all consumers remain informed and confident in the system of consumer protections available.

At TICO, we continue with our principal focus around enhancing consumer protection for all Ontarians. At the same time, we recognize that consumer protection can only really be maximized through a healthy and prosperous marketplace, where travel agencies, tour operators and other travel sellers can be successful, while providing strong consumer protection and a positive consumer experience. TICO's role as Ontario's regulator is key, but at the same time it must evolve with changing demographics, business models and respond to existing and emerging risks inherent in this complex operating environment.

During the year, the Board of Directors provided oversight and guidance to management in a focused review of TICO's mandate as expressed through the Vision and Mission statements. While the past Vision and Mission statements served the organization well since inception, it was clearly time to renew and refresh this mandate as TICO begins their 20th year of operation. TICO's revised Vision statement: "To be a progressive regulator advancing consumer protection, ethical business practices and a trusted marketplace where consumers are confident purchasing travel from registered professionals" provides stakeholders with clarity of purpose and stresses the importance of a marketplace where consumers and travel sellers interact on a basis of trust and professionalism. Similarly, TICO's revised Mission statement: "To regulate consumer protection by promoting awareness, education and compliance as part of the efficient and effective regulation of Ontario's travel industry" reminds stakeholders that greater awareness and education is key for all stakeholders to maximize consumer protection, and that the system must be efficient. The Board of Directors are pleased that these guiding statements will provide clarity to all stakeholders and assist TICO in remaining focused on its mandate for the next decade and beyond.

It is also important that underlying legislation remains appropriate and current. During the year, the government and TICO worked collaboratively on several regulatory enhancements. The introduction of a new regulation requiring sellers of travel to disclose the all-in price that consumers pay when procuring travel was a milestone achievement, achieving harmonization with federal practices for airline ticket pricing, and with certain other provinces. Consumers are now more informed, and making important price comparisons has been greatly simplified, which helps consumers be confident with their travel purchase decision. Just as important, consumers can now take comfort that what they see

advertised is what they pay – no more surprises when fees and charges are processed.

Perhaps the most significant event this past year was the announcement by the government of their review of the Travel Industry Act, 2002 and Ontario Regulation 26/05 with an objective to modernize the legislation to reflect the dramatic changes in travel over the past decade and more. Travel is truly a global industry and it is critical that consumer protection legislation reflects current business models and addresses the risks inherent in today's market place. We are excited to work with the government of Ontario on this important modernization initiative.

In closing, I'd like to express my appreciation to all employees at TICO for another successful year and their continued dedication and commitment in support of TICO's important mandate. I would also like to thank you, Minister MacCharles, and your team as well as my colleagues on the Board of Directors for their tireless support, expertise and insights. We remain confident that the three-year Business Plan remains sound and that the future is bright for consumers and the overall framework for consumer protection throughout this great province.

Yours truly,
Travel Industry Council of Ontario

Jean Hébert
Chair of the Board of Directors



Chief Executive
Officer's Report

Executive Summary

As we embark on our 20th anniversary, I am pleased to provide my report to stakeholders on the challenges, accomplishments and financial performance of the Travel Industry Council of Ontario (TICO). Overall, we look back at this past year with pride, and are satisfied that consumers continue to be provided a level of protection that remains fair and balanced in this constantly evolving marketplace.

As always, it is important we reflect on the environment in which we operate. While TICO is Ontario's regulator, all stakeholders are impacted by events, both globally and closer to home. The travel industry is truly global and is exposed to risks and opportunities from abroad. While global economic conditions have generally been improving, there have been numerous events that have created continued uncertainty around the world, and also, here at home. Commodity prices, principally related to oil, have stabilized yet prices at the pump have contributed to inflation and placed increased pressure on consumer discretionary spending. Annual wage and income growths have been marginal, business investment gains small, while Canadian export growth has lagged behind other positive drivers of the economy. Global events including Brexit and the election results in the United States have added to an increasingly uncertain social-economic environment. The effects of the 2016 Zika virus outbreak was cause for concern among many consumers and travel businesses. Despite the above challenges, consumers continue to travel and the industry continues to grow. At TICO, we continue to experience an industry in constant transformation, and have responded to these disruptions with several initiatives, some of which are outlined below.

In 2016, with the oversight of the Board of Directors, we reviewed and modernized our guiding Vision and Mission statements. These statements serve as a foundation for what we stand for, reflecting our future strategies and focus across our regulatory activities for enhanced consumer protection. More information on these modernized statements can be found within this Annual Report.

At the heart of TICO's consumer protection mandate is our consumer awareness program. In 2016, we continued to leverage our prior year's investment in a new and clever message, using travel icons, with two shorter commercials that were aired during the busy winter booking season, along with using social media to digitally broadcast our consumer awareness messages. While the overall consumer awareness by Ontarians remained at 33%, we were pleased that more consumers understood the role and mandate of TICO and had a better appreciation of the consumer protections available. There was evidence that consumers were also more aware of the Travel Compensation Fund, a key element of the overall protection available to consumers.

After many years, we were pleased to see several key regulatory changes implemented. Early in 2016, streamlining of consumer claim timelines and an exemption for those travel sellers selling exclusively one-day tours were implemented. The most significant change, however, was the introduction of all-in pricing for all representations, including advertising, social media etc. for the price charged for the sale of travel services. Consumers now have a better understanding of the price for travel services allowing for price comparisons, and the comfort that they will be charged based on representations made to them. This change has largely been welcomed by both consumers and registrants from across the province.

More recently, the government's announcement that the *Travel Industry Act, 2002* and Ontario Regulation 26/05 is now subject to a comprehensive regulatory review is welcomed by all stakeholders. We have been privileged to collaborate with the Ministry of Government and Consumer Services on this review, and have attended public consultations across the province, as well as holding our own open forums. It has been a pleasure and informative to hear from consumers and registrants on various enhancements to the legislation. We remain excited over the future of this review and the possible changes under consideration.

As Ontario's regulator, we are committed to our updated Vision and Mission statements. Integral to this role is the execution of our mandate recognizing our fiduciary responsibilities. I'm pleased to report that TICO has achieved its annual operating budget as approved by the Board of Directors, achieving a small net surplus for the fiscal year. Both operating revenues and expenses achieved budget, and net claims were amongst the lowest in TICO's history. This past year also involved important new technology investments as TICO prepares for the future while ensuring its infrastructure and data is secure.

Finally, we have refined our three-year Business Plan and remain focused on our four core strategic priorities. With the comprehensive review of the legislation awaiting feedback and approval, we have been careful in our preparation and commitment of future resources. We are also very proud of our Corporate Social Responsibility accomplishments this year through our partnership with Plan Canada and the Mississauga Food Bank – our employees have been active supporters of these organizations through their creativity, resourcefulness and commitment to our broader social responsibilities.

In closing, I would like to thank the Board of Directors for their continued guidance and support provided to management throughout a very busy year. In addition, we could not have accomplished what we did in 2016 without the strong team that exists at TICO. There is a true, unequivocal passion and commitment for consumer protection amongst the entire TICO team that I am proud to lead. I look forward to another successful year at TICO – the 20th anniversary as Ontario's travel regulator.

Yours truly,
Travel Industry Council of Ontario

Richard Smart
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.

Travel Services: Transportation or sleeping accommodation for the use of a traveller, tourist or sightseer or other services combined with that transportation or sleeping accommodation.

MANDATE

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

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

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

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



Travel Industry Council of Ontario

Vision & Mission

VISION STATEMENT

To be a progressive regulator advancing consumer protection, ethical business practices and a trusted marketplace where consumers are confident purchasing travel from registered professionals.

MISSION STATEMENT

To regulate consumer protection by promoting awareness, education and compliance as part of the efficient and effective regulation of Ontario's travel industry.



Regulation



Monitoring



Refunds



Complaints



Education



VALUES

Efficiency

We drive value through continuous improvement and cost effectiveness.

Leadership

We demonstrate courage, integrity and transparency in building stakeholder confidence.

Accountability

We are committed to high standards, taking responsibility for our actions and results.

Service Excellence

We are a fair and firm regulator responsive to stakeholder needs.

Teamwork

We are one team, knowledgeable and experienced working together.

Innovation

We embrace change and ingenuity in advancing as a regulatory leader.

Communication

We build trusting relationships as an authority in Consumer Protection.



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. TICO has a Consumer Advisory Committee to provide consumer consultation and input and to enhance TICO's understanding of consumer 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 fund TICO through registration fees and who pay contributions 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 initiatives aimed at monitoring and ensuring compliance with the Act and Regulation.
- 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 Ontario Motor Coach Association (OMCA)

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

SERVICES

The services delegated to TICO to provide are detailed below.

Registration

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

Consumer Protection

- Administering the Ontario Travel Industry Compensation Fund.
- Financial Inspections:
 - financial compliance 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 24.

Government Liaison

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

Additional Responsibilities

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

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

TICO Structure

Organization

TICO is a not-for-profit corporation financed through fees from its approximately 2,418 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 Government and Consumer Services (the Ministry) is currently responsible for the Act and Ontario Regulation 26/05 (the Regulation).

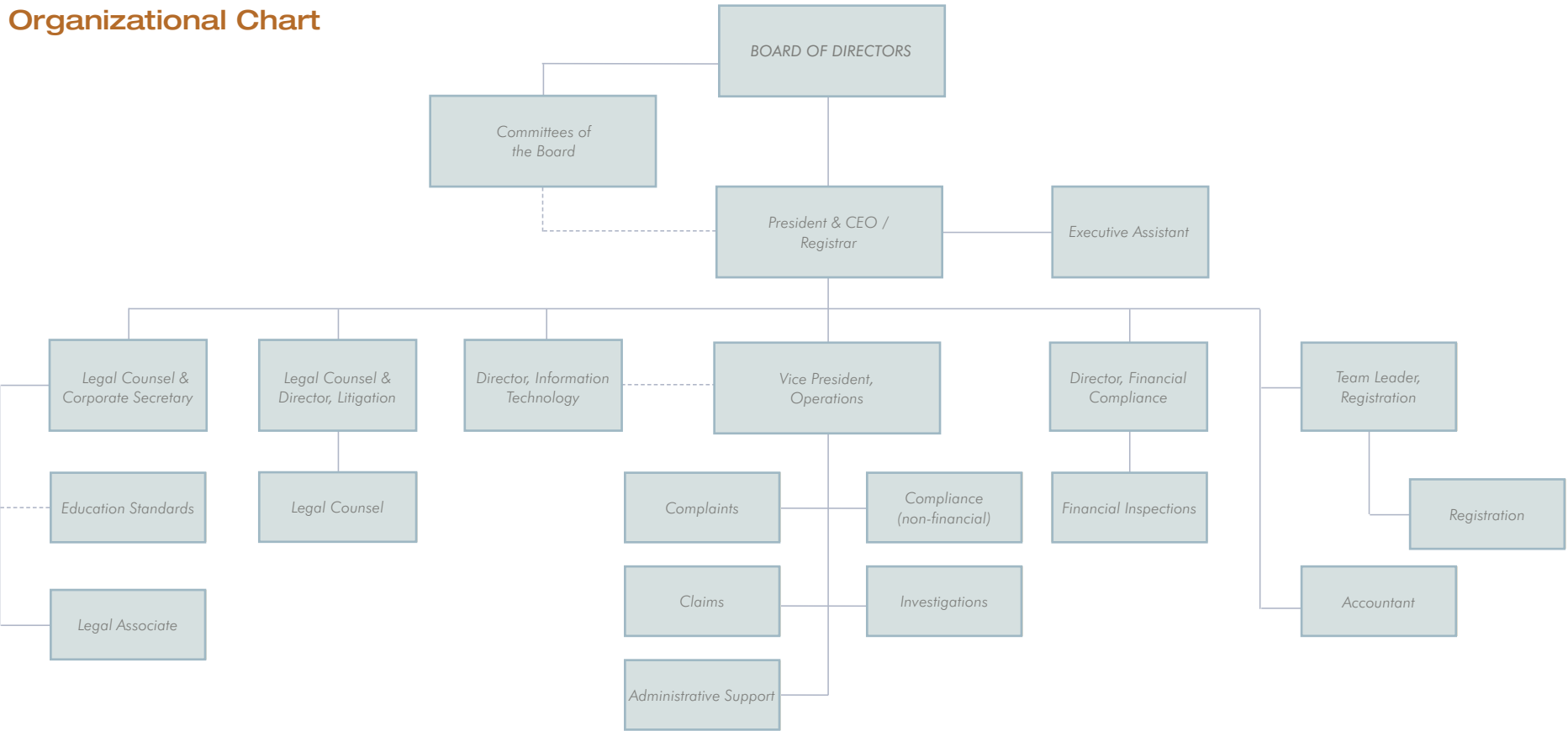
Governance

The TICO Board of Directors consists of fifteen members. There are three individuals appointed by the Association of Canadian Travel Agencies (ACTA), three from the Canadian Association of Tour Operators (CATO) and one from the Ontario Motor Coach Association (OMCA), five appointed by the Minister of Government and Consumer Services. There are also three 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.

Organizational Chart



Remuneration of Board and Committee Members (Per Diems)

TICO's by-laws provide for the remuneration of Directors. The Board has approved the following levels of remuneration effective April 1, 2017, which will be adjusted annually with the Consumer Price Index (CPI):

TICO's Travel, Meal and Hospitality Expenses Policy provides for the following per diem levels:

Board Meetings:

Chair	\$480
Vice-Chair	\$379
Member	\$310

Committee Meetings:

Committee Chair	\$310
Committee Member	\$240
Statutory Director under the Act*	\$5,755/annum
Deputy Statutory Director*	

Note: Where the Statutory Director / Deputy Statutory Director is not an employee. The Director and Deputy Director prorate this fee in the absence of the Director.

*As defined under the *Travel Industry Act, 2002*

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

Ontario Travel Industry Compensation Fund

Background on the Ontario Travel Industry Compensation Fund

In 1975, the Government of Ontario passed the *Travel Industry Act*. This legislation provides the legal basis for the Compensation Fund and requires 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 51 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 25¢ per \$1,000 of sales 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.

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 six 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.

Risk Management

In accordance with its Enterprise Risk Management Policy, the Board and TICO's Leadership Team strive to identify, assess and manage risks that may affect TICO's ability to achieve its objectives. The risks that are considered to be of high impact and likelihood are identified as priority risks. Risk champions within the organization are responsible for overseeing these risks. Priority risks are also regularly monitored by the Board of Directors as part of its governance function. One of the priority risks identified relates to high risk operators. This can include both registered businesses and businesses that ought to be registered with TICO. Various risk mitigation strategies are implemented by the organization to manage the risk, including TICO's Financial Inspections.

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 these 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 within the first year of operation to ensure their understanding of the Act and Regulation and compliance requirements.





TICO Committees

The following are Committees of the Board of Directors of the Travel Industry Council of Ontario:

Executive Committee (Chair: Jean Hébert)

The Executive Committee was created to assist the President & CEO and provide interim support between board meetings on an ad hoc basis. The Committee's role also includes participating in crisis or incident management, as required, in accordance with the Communications for Major Issues Policy. In the event of a significant disruption to TICO's business operations, the Committee will participate in the implementation of the Business Continuity Plan.

Audit & Risk Management Committee (Chair: Ray DeNure)

The Audit, and Risk Management Committee was created to assist the Board in the effective discharge of its governance and oversight responsibilities related to the financial reporting, information technology and risk management of the Corporation.

The Committee will oversee financial statements, internal control structures, compliance, risk management frameworks and the audit functions of TICO. The Committee will review, oversee and provide recommendations to the Board of Directors in the following areas:

- Audit
- Accounting and Finance
- Risk Management

Business Strategy Committee (Chair: Louise Gardiner)

The Business Strategy Committee was created to assist the Board in the effective discharge of its oversight responsibilities in the following areas:

- Business and Strategic Planning
- Technology and Business Processes/Operational Effectiveness
- Stakeholder Relations/Communications

Compensation Fund Committee (Chair: Lorraine Nowina)

The Compensation Fund Committee was created to review and recommend to the Board the payment of claims against the Travel Compensation Fund in accordance with Ontario Regulation 26/05 and develop and recommend administrative policies to the Board regarding the administration of the Fund.



Education Standards Committee (Chair: Mike Foster)

The Education Standards Committee is a Committee of the Board of Directors of the Travel Industry Council of Ontario created to develop mandatory minimum education standards on a two-tier basis for travel counsellors (Level 1) and supervisor/managers (Level 2). The standards include knowledge of the *Travel Industry Act, 2002* and Regulation. Individuals who sell travel services directly to the public are required to meet the educational standards.

Governance and Human Resources Committee (Chair: Lorraine Nowina)

The Governance and Human Resources Committee is responsible to provide oversight and recommendations to the Board of Directors in the following areas:

- Corporate Governance
- Human Resources
- Complaints against TICO

Legislative and Regulatory Modernization Committee

(Chair: Richard Vanderlubbe)

The Legislative and Regulatory Modernization Committee was created to recommend to the Board of Directors legislative and regulatory reform necessary to achieve TICO's business objectives taking into consideration TICO's Mandate, Mission, Vision and Values as well as considering the practical impact of any changes on all stakeholders, including consumers and registrants.

The following Committee is made up of consumer volunteers:

Consumer Advisory Committee (Chair: Richard Smart)

The Consumer Advisory Group is a TICO Committee created to provide the President/CEO with observations, advice and recommendations related to consumer protection and to provide a forum for two-way communication with consumers and consumer interest groups.

BUSINESS ACCOMPLISHMENTS 2016-2017

CONSUMER PROTECTION

Goal: To regulate and enforce the legislation by which the Ontario travelling public can be confident in their travel purchases, including working collaboratively with stakeholders for regulatory enhancement.

BUSINESS OBJECTIVES	PERFORMANCE MEASURES 2016/2017	ACTIVITIES & ACCOMPLISHMENTS
<p>Develop and Advance Legislative and Regulatory Reform.</p>	<p>In collaboration with the Ministry and in consultation with stakeholders identify and address all gaps and opportunities in the Act and the Regulation for the purpose of modernizing the consumer protection legislation.</p>	<p>Amendments to Ontario Regulation 26/05 were passed and became effective on July 1, 2016. The most notable changes included:</p> <ul style="list-style-type: none"> • Exempting businesses that exclusively offer one day tours from the requirements of the Act. • Modifying the security deposit and working capital requirements to provide some flexibility for lower risk businesses that are closely tied to government. • Aligning the filing deadline for regular claims and trip completion claims at six months. <p>The following amendment to Ontario Regulation 26/05 became effective on January 01, 2017:</p> <ul style="list-style-type: none"> • All-in pricing. This provision requires registered businesses to display the total price to consumers, including all fees, levies and other charges, when advertising travel services. <p>An Explanatory Paper including the interpretation of the new provisions to the Regulation was produced and distributed to assist stakeholders.</p> <p>In June of 2016, the Ontario Government announced a government led comprehensive review of the <i>Travel Industry Act, 2002</i> and Ontario Regulation 26/05. TICO actively worked with MGCS on the comprehensive review. TICO's role included attending numerous stakeholder meetings, consultation and open forum sessions with stakeholders, research and collection of data and formulating recommendations for reform.</p>

BUSINESS ACCOMPLISHMENTS 2016-2017

CONSUMER PROTECTION

Goal: To regulate and enforce the legislation by which the Ontario travelling public can be confident in their travel purchases, including working collaboratively with stakeholders for regulatory enhancement.

BUSINESS OBJECTIVES	PERFORMANCE MEASURES 2016/2017	ACTIVITIES & ACCOMPLISHMENTS
<p>Develop and Advance Legislative and Regulatory Reform - continued.</p>		<p>TICO established a Legislative & Regulatory Modernization Committee to provide guidance and oversight in developing recommendations to the TICO Board of Directors for legislative and regulatory reform.</p> <p>Conducted 12 open forum sessions with industry stakeholders to obtain feedback and insight to assist with the development of TICO's submission to MGCS for legislative and regulatory reform.</p> <p>Retained IPSOS Public Affairs to conduct an online consumer survey representative of Ontario consumers to determine consumer awareness of TICO and their perspective towards the Compensation Fund and tolerance level to contributing to the funding of the Compensation Fund with expanded coverage.</p> <p>Retained Deloitte LLP to complete an actuary report and provide consulting services to determine appropriate funding of the Compensation Fund and to model various claim scenarios using the current legislation, with consideration to possible future legislative changes and other risk mitigation options.</p> <p>Developed, completed and delivered to MGCS a written submission of recommendations to modernize the <i>Travel Industry Act, 2002</i> and Ontario Regulation 26/05.</p>

BUSINESS ACCOMPLISHMENTS 2016-2017

AWARENESS AND EDUCATION

Goal: Consumers and registrants are aware of TICO and understand the benefits of purchasing travel services through a registered travel agency or travel wholesaler.

BUSINESS OBJECTIVES	PERFORMANCE MEASURES 2016/2017	ACTIVITIES & ACCOMPLISHMENTS
<p>Continue to Enhance Consumer Awareness in Ontario.</p>	<p>Continue to enhance a series of comprehensive activities aimed at increasing consumer awareness of TICO's role and the consumer protection in Ontario.</p>	<p>TICO's 2016-2017 Consumer Awareness Campaign strategy included the development and production of two new 15-second animated icon story commercials. The commercials were aired on all major Ontario television networks in Jan/Feb 2017 and were accompanied by a digital media strategy to increase consumer awareness.</p> <p>Of the consumers surveyed in Ontario, 33% of consumers indicated awareness of TICO in 2016-2017 which matched the awareness in the previous year.</p> <p>Of the consumers surveyed in the GTA, 36% indicated awareness of TICO compared to 40% in the previous year.</p> <p>Of those consumers surveyed who recognized the TICO logo, 81% correctly identified at least one TICO role compared to 74% in the previous year.</p> <p>Of those consumers surveyed, 73% indicated that they were aware that they must purchase travel services from an Ontario registered travel agency or website to obtain the protection from TICO and the Compensation Fund, compared to 69% in the previous year.</p> <p>TICO attended 12 consumer trade shows throughout Ontario and conducted 8 speaking engagements with consumers to increase awareness of TICO, its services and the consumer protection available in Ontario.</p> <p>More information about TICO's Consumer Awareness Campaign activities may be found on page 36.</p>

BUSINESS ACCOMPLISHMENTS 2016-2017

AWARENESS AND EDUCATION

Goal: Consumers and registrants are aware of TICO and understand the benefits of purchasing travel services through a registered travel agency or travel wholesaler.

BUSINESS OBJECTIVES	PERFORMANCE MEASURES 2016/2017	ACTIVITIES & ACCOMPLISHMENTS
<p>Enhance Current Education Standards Program.</p>	<p>Update education standards program modules to accommodate recent Regulatory Reform to Ontario Regulation 26/05 to ensure knowledge and compliance of the new requirements.</p>	<p>Updates to the Education Standards curriculum complete and exams being revised. Implementation to take place in 2017/2018.</p>
<p>Drive Registrant Engagement and Improve TICO's Value Proposition to Registrants.</p>	<p>Through continuous and meaningful engagement and communications with registrants, identify key drivers of TICO's value proposition and initiatives to improve.</p>	<p>Development of a Registrant Value Survey commenced and will be carried forward to 2017-2018.</p> <p>Registration Department survey developed and implemented for all new applicants and registrants completing the registration renewal process to obtain feedback on services provided. During the fiscal year, TICO received 47 responses and an overall satisfaction score of 62%.</p> <p>TICO held 15 roundtable / open forum sessions; 11 financial compliance seminars and 8 speaking engagements with industry stakeholders to increase registrant knowledge, encourage dialogue and foster relationships.</p>

BUSINESS ACCOMPLISHMENTS 2016-2017

ORGANIZATIONAL EFFECTIVENESS

Goal: TICO embraces a spirit of continuous improvement and innovation in the systems and processes in executing its mandate and in the ongoing investment and professional development of its people.

BUSINESS OBJECTIVES	PERFORMANCE MEASURES 2016/2017	ACTIVITIES & ACCOMPLISHMENTS
Develop Future Vision and Plan for TICO's IT Systems and Infrastructure.	Develop a plan and road map for TICO's overall IT systems and infrastructure.	<p>A 3-year Information Technology Strategy was developed and approved by TICO's Board of Directors. The plan provides an infrastructure strategy and road map to ensure a safe, secure and robust operating environment for TICO operations.</p> <p>Execution of TICO's Information Technology Strategy was commenced. An RFP for infrastructure services was completed. A selection process was conducted and a new service provider has been retained.</p> <p>Migration of all TICO systems to a new cloud environment was completed.</p>
Optimize System Integration including Implementation of e-Commerce capability.	Enhance the integration of back-office systems and management information systems and implement e-commerce services capability for registrants and other stakeholders.	The technology infrastructure environment and application upgrade of the core operating system was completed during the year providing the foundation for future systems integration and e-commerce capability.

BUSINESS ACCOMPLISHMENTS 2016-2017

ORGANIZATIONAL EFFECTIVENESS

Goal: TICO embraces a spirit of continuous improvement and innovation in the systems and processes in executing its mandate and in the ongoing investment and professional development of its people.

BUSINESS OBJECTIVES	PERFORMANCE MEASURES 2016/2017	ACTIVITIES & ACCOMPLISHMENTS
Enhance Leadership Competencies.	Develop a professional development program whereby employees can achieve career plans and enhance their contribution to TICO's mandate.	<p>Individual Professional Development Plan Template developed to identify and record areas of individual staff development.</p> <p>Individual Development Planning template implemented on a pilot basis. Individual development plans discussed with employees and preliminary plans commenced.</p>
Driving Employee Engagement.	Embrace high performing organization by expediting solutions aimed at achieving a highly engaged workforce.	Based on the Employee Engagement Survey results, staff teams were formed and meetings held to review development opportunities and make recommendations in the areas of: Communications, Work Environment & Processes and Rewards & Recognition. Employee Engagement teams in-place. Recommendations continue to be reviewed with the goal of integrating into operations, and/or developing business cases for future implementation.
Continue Collaboration with Other Delegated Administrative Authorities to Identify Opportunities to Enhance Efficiencies to Work More Effectively.	Continue to work in partnership with other Delegated Administrative Authorities in various collaboration committees to identify and implement opportunities to enhance operational efficiencies.	Ongoing collaboration efforts with other DAA's include information sharing as well as participation on various DAA Collaboration Committees and Groups, including DAA/CEO Collaboration Committee, MGCS/ DAA Communications Group, DAA/ IT Collaboration Group, Human Resources and the DAA/Legal Counsel Group.

BUSINESS ACCOMPLISHMENTS 2016-2017

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Within TICO's environment, CSR is viewed as the organization's broader involvement in the communities it aims to protect. As a small organization, TICO must consider innovative methods, leverage partnerships and build sustainable relationships to make a footprint in these communities. TICO believes that its mandate of consumer protection will be facilitated through an effective CSR strategy, deploying the talents and passions of all TICO employees.

BUSINESS OBJECTIVES	PERFORMANCE MEASURES 2016/2017	ACTIVITIES & ACCOMPLISHMENTS
Refine Corporate Social Responsibility (CSR) Policies.	Continue to enhance and build an effective CSR strategy and develop a CSR policy for TICO employee volunteerism including an annual TICO CSR Report to stakeholders.	<p>Policies to accompany TICO's CSR Strategy are under development.</p> <p>Updates and reports of TICO's CSR initiatives and activities posted on TICO webpage dedicated to CSR as well as reported in TICO Talk newsletter.</p>
Engage and Build a Relationship with a Long Term CSR Partner.	Review the merits of potential CSR partners with the aim to establishing a rewarding relationship with an appropriate CSR partner that compliments TICO's overall CSR strategy.	<p>Continued partnership with the Mississauga Food Bank. Thanksgiving and Christmas Food Drives have been organized where TICO staff collected 330 pounds of food donations and sorted 5215 meals at the Mississauga Food Bank terminal.</p> <p>Launched a partnership with Plan International Canada. Began sponsoring the community of Nga, Laos – the program offers educational, health, nutrition and skills training resources to empower community members. Goal set to raise \$5,000 by the end of June 2017 to help the people of Nga, Laos and support the success of their community. TICO staff volunteered their time and efforts towards various initiatives during the fiscal year in support of the overall strategy and successfully raised \$5,150.</p> <p>More information regarding TICO's CSR initiatives may be found on page 38.</p>
Incorporate CSR into TICO Operations and Initiatives.	Examine how CSR can be integrated into TICO's stakeholder outreach initiatives and TICO's core processes, including the introduction of Environmental, Social and Governance (ESG) responsible investing.	<p>TICO met with RBC to discuss ESG investment opportunities. Discussions underway with RBC Global Asset Management to develop a plan to introduce ESG investing consistent with CSR strategy. The goal of ESG investment will be consistent with overall strategy while at the same time preserving capital and enhancing investment returns.</p> <p>TICO staff adopted Max Ward Park and attends the park quarterly to keep the park clean.</p>

BALANCED SCORECARD:

TICO's 2016 Business Plan included the following Balanced Scorecard. TICO deployed this Balanced Scorecard throughout its fiscal year to monitor and gauge ongoing efforts and achievement of its strategic objectives. This Balanced Scorecard is shared with stakeholders to ensure transparency and accountability consistent with the Business Plan. The following are the achievements:

Objective	Performance Measure	FY 2016/2017 Target	FY 2016/2017 Achievements
CONSUMER PROTECTION / AWARENESS AND EDUCATION			
Stakeholders			
1) Enhance Consumer Awareness.	% of surveyed consumers aware of TICO.	Achieve an increase % of consumers surveyed indicating an awareness of TICO up to 35%. Conduct a customer value survey.	33% of consumers surveyed indicated awareness of TICO compared to 33% in the previous year. Development of a customer value survey commenced and will be carried forward to 2017-2018.
2) Enhance Registrant Awareness and Engagement.	Registrant outreach via roundtable / open forum meetings.	Hold 12 industry roundtable / open forum sessions throughout the province of Ontario. Conduct a registrant value survey.	TICO conducted 15 roundtable / open forum sessions during 2016/2017. Foundational work to develop value survey commenced. Value survey to be completed in 2017/2018.
3) Enhanced Consumer Protection.	For claims received during the year, 70% are processed within 120 days.	Identify the percentage of claims received and approved during the year that are processed within 120 days of receipt. Identify the number of consumers assisted during the year.	Of the claims received between April 1, 2016 and March 31, 2017, 59% were processed within 120 days and 41% of claims relating to five failures were processed outside the 120 days as the circumstances surrounding the failures required further investigation. A total of 177 consumers were assisted with reimbursements from Ontario's Travel Compensation Fund.
4) Enhance Government Collaboration and Relations.	% of targeted Liaison meetings achieved.	4 Ministry Liaison meetings held during year. Contribute/participate in government initiatives.	Attended 4 Ministry Liaison meetings during the fiscal year. Contributed and participated in the Ontario Government's comprehensive review of the <i>Travel Industry Act, 2002</i> and Ontario Regulation 26/05. Actions included attending numerous stakeholder meetings, consultation and open forum sessions, research and collection of data as well as a written submission of TICO's recommendations for legislative change. Participated in various DAA Collaboration Committees and Councils.

BALANCED SCORECARD:

Objective	Performance Measure	FY 2016/2017 Target	FY 2016/2017 Achievements
ORGANIZATIONAL EFFECTIVENESS			
People (Employees)			
1) Drive Employee Engagement.	Establish baseline score (%).	Develop recommendations for areas identified for improvement.	Based on the Employee Engagement Survey results and feedback, four employee engagement teams were developed to review areas identified to develop recommendations and an action plan for improvement.
2) Invest in Training & Development.	Average number of professional days achieved per employee.	Employee individual development plans implemented.	Employee Development Plan Form created and incorporated into staff performance review process.
Systems / Work Processes			
1) Update Education Standards Program.	Update Education Standards Program to reflect regulatory changes made to Ontario Regulation 26/05.	Complete changes to the Study Manual curriculum and exams to include regulatory changes.	Updates to the Education Standards curriculum complete and exams being revised. Implementation to take place in 2017/2018.
2) Commence Plan for e-Commerce Capability.	Develop a plan to introduce e-commerce capability to TICO services for registrants and other stakeholders.	Commence a phased-in approach to introduce e-commerce by March 31, 2017.	Technology infrastructure upgrade complete; finalized upgrade to current license for core operating system providing foundation for future e-commerce platform.
3) Develop Future Vision and Plan for TICO's IT Systems and Infrastructure.	Develop a plan and road map for TICO's overall IT systems and infrastructure.	Deliver a plan that summarizes current IT state and future desired state.	Current and future state IT strategy and roadmap complete.

BALANCED SCORECARD:

Objective	Performance Measure	FY 2016/2017 Target	FY 2016/2017 Achievements
Finance			
1) Ensure Adequate Funding for Operational and Enforcement Responsibilities.	% of budgeted revenue growth (year over year).	5% budgeted growth.	Actual revenue growth 7%.
2) Drive Operating Efficiency.	% revenue growth less % expense growth.	Negative leverage (1%) over three year Business Plan projections.	Actual Operating leverage efficiency -0.3%, exceeding target.
3) Achieve Compensation Fund Requirements.	Balance > \$20 million.	Budget for March 31, 2017 \$20.4 million.	Balance at March 31, 2017 \$20.6 million.
CORPORATE SOCIAL RESPONSIBILITY			
Community			
1) Engage and Foster Relationship with Long Term Corporate Social Responsibility (CSR) Partner.	Develop and initiate CSR program that compliments TICO's overall CSR strategy.	CSR strategy and initiatives established and underway with long term CSR partner.	Entered into an agreement with Plan Canada to support a community in Nga, Laos. TICO successfully raised \$5,150 through various CSR initiatives in support of Plan Canada.
2) Incorporate Environmental, Social and Governance (ESG) Investing Principles into TICO's Investment Policy.	Earmark and invest some funds taking in accordance ESG investment principles and criteria in TICO's current Investment Policy.	Establish investments in accordance with revised Investment Policy.	TICO has met with RBC to discuss ESG investment opportunities. Discussions underway with RBC Global Asset Management to develop a plan to introduce ESG investing consistent with CSR strategy.

ADDITIONAL BUSINESS ACCOMPLISHMENTS 2016-2017

- Review of the TICO asset to ensure adequate funding exists.
- Review of the Compensation Fund level to ensure adequate funding exists.
- Successful communication and implementation of a Compensation Fund assessment rate increase.
- Successfully administered TICO's Education Standards Program.
- Met the terms of the Administrative Agreement with MGCS by maintaining operations and systems to protect consumers in Ontario.
- Supported the Ontario Government's transparency initiative by making public on TICO's website the following information: Process information and statistics regarding complaints received against TICO, Procurement Policy and TICO's Travel , Meal & Hospitality Expenses Policy.
- Completed a Governance Review of TICO. An action plan based on observations and findings has been developed and is currently underway.
- Reviewed and modernized TICO's Vision and Mission Statements.
- TICO's website maintained and kept up to date with timely information for the benefit of all stakeholders. Commenced the development of a new responsive website for TICO.
- TICO Talk quarterly newsletter produced and made available on TICO's website and e-blasted to all registrants.
- Communicated and restated TICO's Voluntary Code of Ethics for registrants on TICO's website and TICO Talk newsletter.
- E-blasted monthly Compliance and Enforcement updates and tips to all registrants.
- Distributed and made available on TICO's website, TICO's Annual Report and Business Plan in June of 2016.
- TICO's Joint Health and Safety Committee composed of employee and management representatives continued its work to maintain and enhance health and safety conditions in the workplace.

Compensation Fund Contribution Rate Review

During the 2015-2016 fiscal year, the TICO Board of Directors recognized the goal of maintaining the Compensation Fund at an appropriate level of approximately \$20 million and the need to make investments in the organization for the future. The Board agreed to proceed with a proposal for a Compensation Fund Contribution Rate Increase, subject to industry consultation. TICO released a Consultation Paper to registrants and invited industry stakeholders to provide submissions on TICO's proposed Compensation Fund rate increase by April 20, 2016.

On April 27, 2016, TICO's Board of Directors announced that in response to the feedback received from stakeholders on the proposed increase to the Compensation Fund Contribution Rate, the Board approved a phased-in increase over the next two years as follows:

- **Phase 1** – The Compensation Fund Contribution Rate will increase from \$0.15 to \$0.20 per thousand dollars of Ontario sales effective July 1, 2016.
- **Phase 2** – The Compensation Fund Contribution Rate will increase from \$0.20 to \$0.25 per thousand dollars of Ontario sales effective April 1, 2017



Operational Performance Review

Registration

On March 31, 2017, there were a total of 2,418 registrations with TICO compared to 2,435 registrations the previous year. (Fig. 1).

Of these, 86% (2,079) are retail travel agencies, who sell travel services directly to consumers and 14% (339) are travel wholesalers, who sell travel services through travel retailers.

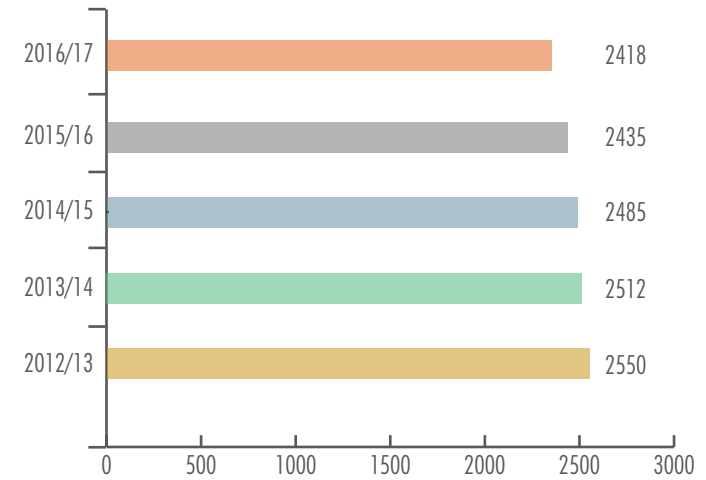


Figure 1: Total Registrations under the Act

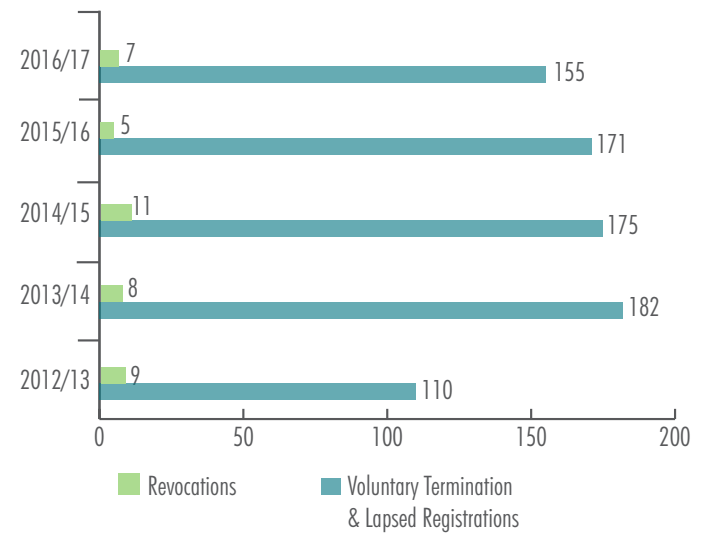


Figure 2: Total Voluntary Termination / Lapsed Registrations vs. Revocations

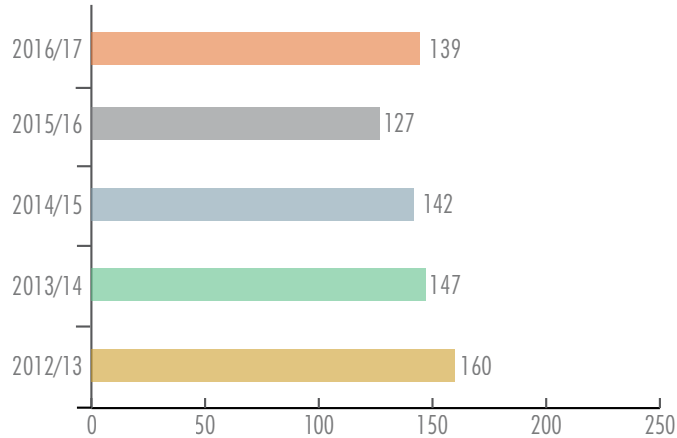


Figure 3: Total New Applications Processed

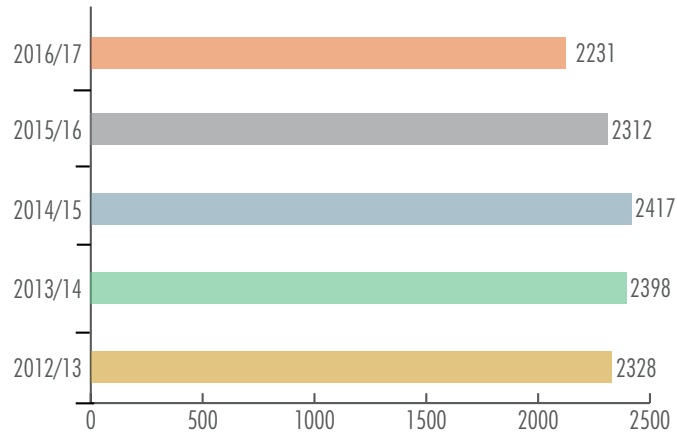


Figure 4: Total Renewal Applications Processed

In 2016/2017, there were a total of 162 terminations (Fig. 2). A total of 2,370 registrations were processed under the *Travel Industry Act, 2002*, which included 139 new registrations (Fig. 3) and 2,231 renewals (Fig. 4). Registrations are renewed annually.

Education Standards

Every person in Ontario who is working for a retail travel agency and is selling travel services or providing travel advice to the public must, by law, meet the Industry's Education Standards, which came into effect on July 1, 2009. This includes Supervisors and Managers on a registrant's registration record with TICO.

The Education Standards Program is administered by TICO and consists of two levels, the Travel Counsellor and the Supervisor/Manager exam. A combination exam is available for those wishing to write both the Travel Counsellor and the Supervisor/Manager exams at the same time.

During the fiscal year, a total of 5,641 exams were written as follows:

4,895 Travel Counsellor Exams.

243 Supervisor/Manager Exams.

503 Combined Travel Counsellor and Supervisor/Manager Exams.

As at March 31, 2017 a total of 60,265 exams have been written since the inception of the Education Standards Program on July 1, 2009.

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, 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.

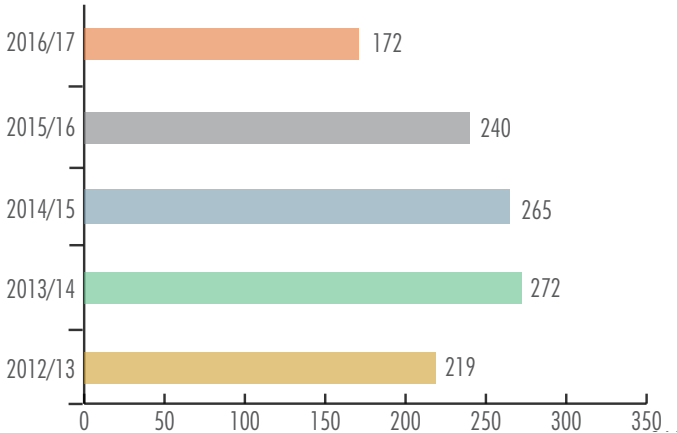


Figure 5: Written Complaints Resolved

Complaints Against TICO

Consumers and registrants with complaints against TICO may make a written submission to the Governance and Human Resources Committee of the Board of Directors.

The Governance and Human Resources 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 from the Board of Directors.

During the 2016/2017 fiscal period, there were no complaints against TICO that were subject to a review by the Committee.

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 172 written consumer complaints against registrants in 2016/2017 compared to 240 in the previous year (Fig. 5). Some of these complaints related to files that were opened in the previous fiscal year. The number of new complaints received during 2016/2017 was 177 compared to 256 in the previous year. In processing these complaints, TICO successfully assisted consumers in obtaining \$86,948 in restitution compared to \$126,475 the previous year. In addition, TICO handled 1,165 telephone complaint inquiries and 583 email complaint inquiries.

The most frequent types of written complaints received at TICO in 2016/2017 were:

MOST FREQUENT COMPLAINTS RECEIVED AT TICO

(Top 10 Complaints Reasons)

2016/2017	2015/2016
1. Outstanding refunds 	1. Suspected fraudulent activity of travel counsellor
2. Failure to provide proper disclosure of required information (i.e. availability of travel insurance) 	2. Invoicing issues (i.e. not complete with required information or invoice not provided to consumer)
3. Information / documentation (i.e. issues related to travelling with passports and other travel documents)	3. Individual or company operating unregistered
4. Customer service issues	4. Outstanding refund
5. Suspected fraudulent activity of travel counsellor 	5. Customer service issues
6. Advertising issues	6. Information / documentation (i.e. issues related to travelling with passports and other travel documents)
7. Cancellation / non-refundable / no insurance	7. Failure to provide proper disclosure of required information (i.e. availability of travel insurance)
8. Ticketing issues	8. Accommodation changed
9. Accommodation changed	9. Incomplete or incorrect information provided to the consumer by the registrant (i.e. information regarding the travel product or services being sold)
10. Incomplete or incorrect information provided to the consumer by the registrant (i.e. information regarding the travel product or services being sold)	10. Cancellation / non-refundable / no insurance

Consumer Survey Results – Complaints Process

During the fiscal year 2016/2017, TICO distributed an online consumer survey to 172 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 2017, there were 15 completed surveys returned to TICO.

The results of the 15 completed surveys received are as follows:

When asked to rate their overall satisfaction with TICO’s handling of their complaint: 14 consumers advised they were either satisfied or very satisfied and 1 consumer indicated they were somewhat satisfied.

When asked to rate their satisfaction with the fairness of the process: 14 consumers advised they agreed or they were satisfied and 1 indicated that they were somewhat dissatisfied.

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

In other cases, TICO was able to identify possible contravention(s) of the Act and/ or Regulation by 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 that TICO does not have the authority to settle a dispute, or to impose a settlement in complaint matters.

The survey results also indicated that 14 consumers were either satisfied or somewhat satisfied with the complaint turnaround times and 1 consumer was dissatisfied. 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, 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 the Regulation. The bench review process produces information, which may determine those registrants that should receive financial site inspections. During the fiscal period 2016/2017, TICO completed 1,747 bench reviews (Fig. 6) and completed 370 financial site inspections (Fig. 7). The following is the breakdown of financial site inspections completed during the fiscal year:

Inspection Reason	2016-2017 Financial Inspections	2015-2016 Financial Inspections
Working Capital	140	116
New Registrant	106	81
Trust Accounting	32	78
Other / miscellaneous	92	60
Total	370	335

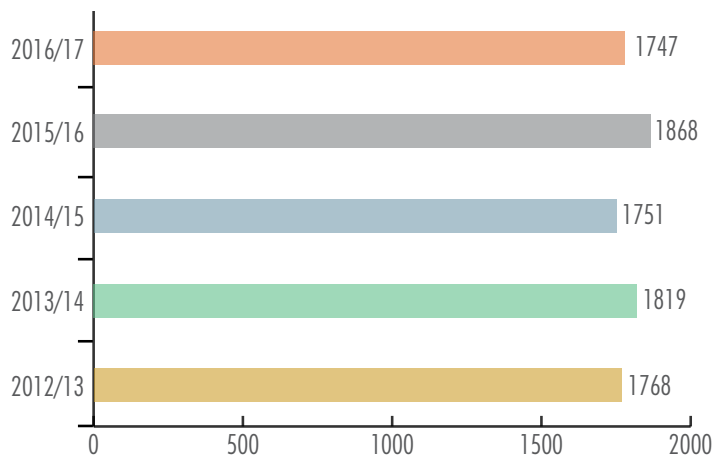


Figure 6: Total Financial Bench Reviews

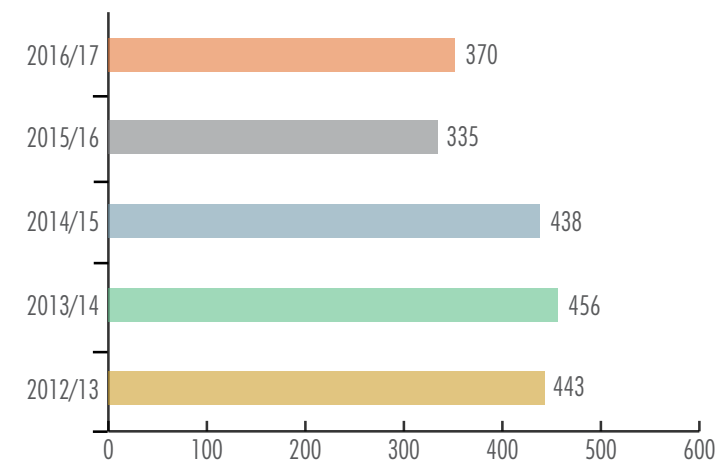


Figure 7: Financial Site Inspections

Compliance (Non-financial)

TICO performed 67 compliance site inspections during the 2016/2017 fiscal year compared to 65 in the prior year. Compliance site inspections are performed to address various issues such as advertising, invoicing and operating without registration. In 2016/2017, a total of 119 warnings for operating without registration were issued compared to 146 in the previous year (Fig. 8) and 184 advertising warnings were issued to registrants compared to 116 in the previous year (Fig.9). In addition, 156 invoicing warnings (Fig. 10) were issued to registrants who did not provide proper invoices and/ or receipts in accordance with the Regulation compared to 203 in the previous year. Invoicing deficiencies are forwarded to the Compliance Department from consumer complaints, financial inspections and claims. In addition, 5 warnings were issued during the fiscal year in relation to Education Standards, compared to 6 in the previous year.

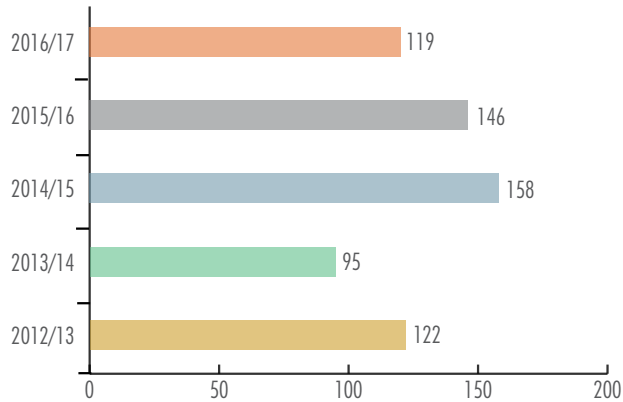


Figure 8: Total Warnings Issued for Operating without Registration

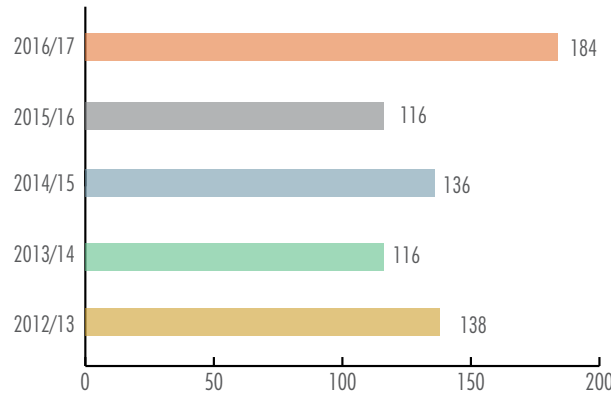


Figure 9: Total Warnings Issued for Advertising Infractions

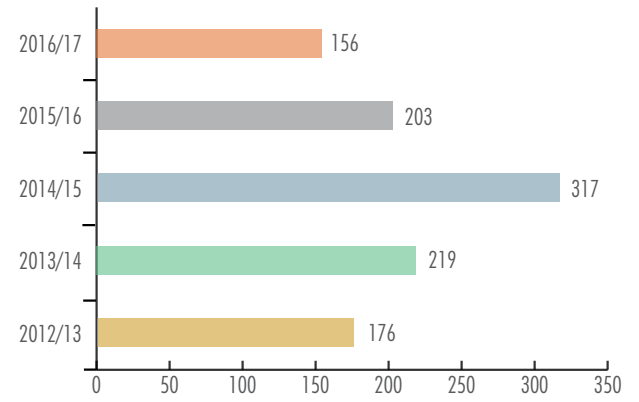


Figure 10: Total Warnings Issued for Invoicing Infractions



Travel Industry Compensation Fund

TICO is required to hold all Compensation Fund monies in trust. As at March 31, 2017, the assets held for the Compensation Fund were \$20,644,930.

Claims and Repatriation (net of professional fees)

Claims paid during the fiscal year ended March 31, 2017, compared to the previous year ended March 31, 2016, were as follows:

	2016/17	2015/16
Number of claims paid	80	31
Number of consumers assisted	177	94
Claims paid - Registrant failure	\$ 216,291	\$ 79,973
Claims paid - End supplier failure	<u>\$ 27,134</u>	<u>\$ 20,354</u>
	\$243,425	\$100,327
Repatriation / Trip Completion	<u>\$ —</u>	<u>\$ 813</u>
Total Claims paid	\$ 243,425	\$ 101,140
Adjustment for pending claims	<u>\$ (137,713)</u>	<u>\$ 62,537</u>
As per Statement of Operations	<u>\$ 105,712</u>	<u>\$ 163,677</u>
Claims Activity:		
Recoveries	\$ (63,433)	\$ (3,072)
Net claims paid	\$ 179,992	\$98,068

Repatriation / Trip Completion

During the fiscal year ended March 31, 2017, there were no registrant failures that resulted in trip completion costs against the Compensation Fund.

Closures Resulting in Significant Claims Paid

The following entities ceased operations in previous years and resulted in claims paid during the 2016/2017 fiscal year:

1176630 Ontario Inc.
o/a Esna Travel and Tours

1176630 Ontario Inc. o/a Esna Travel and Tours voluntarily terminated its registration under the Ontario *Travel Industry Act, 2002* to operate as a travel retailer and travel wholesaler effective January 18, 2016. During the year ended March 31, 2017, a total of \$142,300 was paid out of the Compensation Fund to assist 34 consumers.

Skypride Travel & Tours Ltd.
o/a Skypride Travel & Tours Ltd.

Skypride Travel & Tours Ltd. voluntarily terminated its registration under the Ontario *Travel Industry Act, 2002* to operate as a travel retailer effective November 30, 2015. During the year ended March 31, 2017, a total of \$40,142 was paid out of the Compensation Fund to assist 42 consumers.

407488 Ontario Ltd.
o/a Business & Vacation Travel Planners
o/a Blue Mountain Travel

407488 Ontario Ltd. o/a Business & Vacation Travel Planners and Blue Mountain Travel voluntarily terminated its registration under the *Travel Industry Act, 2002* to operate as a travel retailer and travel wholesaler on July 31, 2015. During the year ended March 31, 2017, a total of \$25,899 was paid out of the Compensation Fund to assist 48 consumers.

SkyGreece Airlines S.A.

After suspending flights in August of 2015 due to financial difficulties, SkyGreece Airlines S.A. officially declared bankruptcy effective November 18, 2015. During the year ended March 31, 2017, a total of \$22,112 was paid out of the Compensation Fund to assist 35 consumers.

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

REGISTRANTS	CLAIMS PAID 2016/17 \$	RECOVERIES 2016/17 \$	CLAIMS PAID 2015/16 \$	RECOVERIES 2015/16 \$
Aerosvit Airlines *	5,022	115	2,308	279
Akkiratourz Ltd (R)	5,950	-	-	-
Amigo Travel Ltd. (R)	-	-	2,307	-
Best Way To Travel (R)	500	-	-	-
BTM Services (R)	-	-	-	241
Business & Vacation Travel Planners (R)(W)	25,899	7,000	5,805	-
Conquest Vacations (R)(W)	-	37,232	-	-
Dolphin Travel (R)	-	600	-	500
Esna Travel and Tours (R)	142,300	1,700	-	-
Executive Worldwide Travel (R)	-	16,786	56,390	-
John Douglas Mills o/a Algonquin Travel (R)	-	-	8,084	-
Mexicana Airlines *	-	-	15,095	1834
Smartchoice Travel & Tours (R)	1,500	-	8,200	218
SkyGreece Airlines *	22,112	-	2,951	-
Skypride Travel & Tours (R)	40,142	-	-	-
TOTAL CLAIMS PAID (GROSS)	243,425	63,433	101,140	3,072

(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 2016/2017 totalled \$243,425 compared to \$101,140 the previous year. Recoveries received by TICO in 2016/2017 were \$63,433 compared to \$3,072 recovered in 2015/2016.

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 2016/2017 fiscal year, there was an increase in claims paid out of the Compensation Fund as a result of registrant failures.

In 2016/2017, a total of \$216,291 was paid in claims related to registrant failures compared to \$80,786 in the prior year. During the fiscal period 2016/2017, a total of \$27,134 in claims was paid as a result of end supplier failures compared to \$20,354 in the previous year.

Contributions to the Fund from registrants (Fig. 13) in 2016/2017 were higher compared to the previous

year with \$2,710,952 recognized in 2016/2017 and \$2,332,835 recognized in 2015/2016. The increase in contributions is attributed to the increase in the assessment rate from \$0.15 to \$0.20 per thousand dollars of Ontario sales that became effective July 1, 2016.

Consumer Survey Results – Claims Process

During the fiscal year 2016/2017, TICO distributed an online consumer survey to 92 claimants who filed claims against the Compensation Fund inviting feedback on their experience with TICO’s claims process. At the end of March 2017, TICO received 6 completed surveys.

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 satisfied and 2 somewhat dissatisfied with the handling of their claim and with the fairness of the process. The survey results also indicated that 4 respondents were satisfied or somewhat satisfied with the length of time taken to process their claim and 2 were dissatisfied.

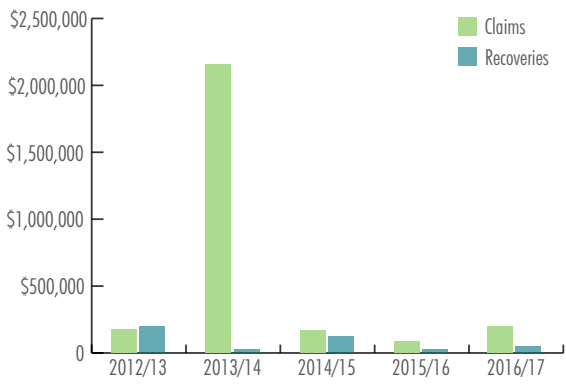


Figure 11: Total Claims paid and Recoveries to the Fund

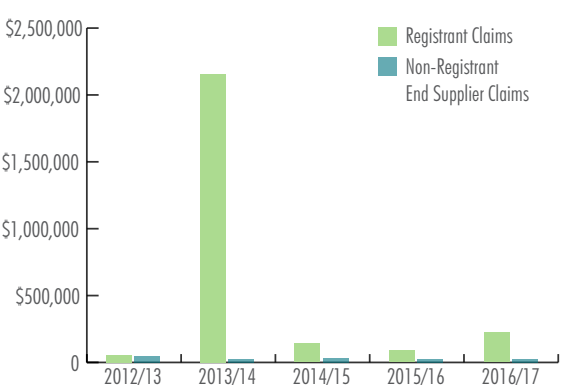


Figure 12: Registrant Claims vs Non-Registrant End Supplier Claims

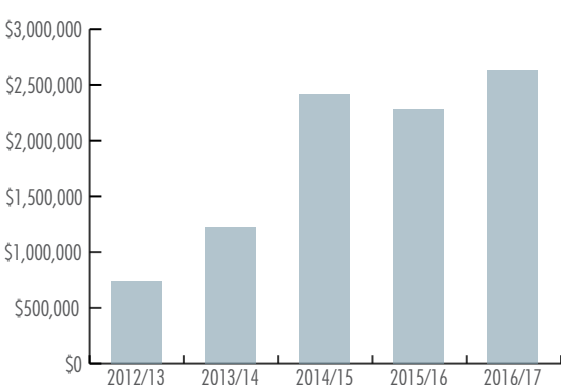


Figure 13: Contributions to the Compensation Fund

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, 2017, there were 5 LAT hearings held in relation to decisions of the Board to disallow claims. LAT overruled the Board's decision and allowed payment of 7 claims in the amount of \$6,840.

Investigations

TICO initiates and conducts investigations when it becomes apparent that there may have been a breach of the legislation. Investigations can result in charges being laid under the statute. During the fiscal 2016/2017, TICO opened 4 new investigations and closed 15 investigations that resulted in 105 charges being laid under the statute. Some of the investigations were carried over from the prior fiscal year. As at March 31, 2017, there were 6 open investigations.

Convicted Party	Counts	Offence	Sentence					
			Fine		Restitution		Probation / Community Service	
			Company or Individual	Amount \$	Payable to	Amount \$	Individual	Time
Ron Greenwood	2 1	Failure to follow proper Trust Accounting Maintaining more than 1 Trust Account without Registrar's consent	Before the Courts	-	Before the Courts	-	Before the Courts	-
Placido Calore / Blue Mountain Travel (BMT)	10 (5 counts each)	Failure to follow proper Trust Accounting	BMT	20,000				
	2 (1 count each)	Carrying on business with unregistered travel agent	Placido Calore	10,000	Consumers	13,679	Placido Calore	2 Years
	2 (1 count each)	Failing to notify the Registrar of changes to Trust Account			TICO	31,704	-	-
Finton Travel Ltd. / Thomas Chellakudam	1	Carrying on business with unregistered travel agent	Finton Travel Ltd.	1,000	Consumer	5,100	-	-
	1	Carrying on business with unregistered travel agent	Thomas Chellakudam	3,000			Thomas Chellakudam	1 Year
Lorna Arcega	2	Operating as an unregistered travel agent	Lorna Arcega	-	Consumer	4,000	Lorna Arcega - Probation	2 Years
(Additionally, convicted on 4 counts of Fraud under \$5000 under the Criminal Code)			-	-	Consumer	2,100	Lorna Arcega - Community Service	50 Hours
Executive Worldwide Travel / Zakaria Sheikh	4 (2 counts each)	Failure to follow proper Trust Accounting	Executive Worldwide Travel	10,000	TICO - CAD	13,657	-	2 Years
			Zakaria Sheikh	7,000	TICO - USD TICO	2,291 39,735	- Zakaria Sheikh	
Esna Travel and Tours	1 1	Failure to follow proper Trust Accounting Carrying on business with unregistered travel agent	Esna Travel	15,000	Consumer	93,800	-	-
Ghulam Wahabi	1	Operating as an unregistered travel agent	Ghulam Wahabi	8,000	Consumer	54,000	-	-
Rollah Zahir	1	Operating as an unregistered travel agent	Rollah Zahir	15,000	Consumer	50,000	Rollah Zahir	2 Years

Prosecutions

Investigations conducted during 2016/2017 have resulted in 41 convictions. Penalties imposed in relation to the convictions include:

\$170,500 fines
\$320,151 restitution
120 days in jail
4,380 days of probation
50 hours community service

The following is an overview of the prosecutions that were carried out during the fiscal year:

Convicted Party	Counts	Offence	Sentence					
			Fine		Restitution		Probation / Community Service	
			Company or Individual	Amount \$	Payable to	Amount \$	Individual	Time
Global Events Management Group Inc. / Maher Jaber	2 (1 count each)	Operating as an unregistered travel agent	Global Events Management Group Inc.	2,500	-	-	-	-
			Maher Jaber	2,500	-	-	-	-
Sacred Rides Mountain Bike Holidays Inc. / Miro Brcic	2 (1 count each)	Operating as an unregistered travel agent	Sacred Rides Mountain Bike Holidays Inc.	1,000	-	-	-	-
			Miro Brcic	3,500	-	-	-	-
Note: After charges were laid, Sacred Rides applied and was approved for registration as a travel agent under the Act.								
Sherrill Denny	2	Operating as an unregistered travel agent	Sherrill Denny	20,000	-	-	-	-
Mahendran Sivakolunthu	1	Operating as an unregistered travel agent	Mahendran Sivakolunthu	3,000	Consumer	2,000	Mahendran Sivakolunthu	1 Year
John Douglas Mills o/a Algonquin Travel (additionally convicted on 1 count of possession over \$5000 under the Criminal Code)	1	Failure to follow proper Trust Accounting	John Douglas Mills	-	TICO	8,085	John Douglas Mills	2 Years
Note: in addition, John Douglas Mills received 4 months custody to be served conditionally in the community.								
David Hemmings / Jennifer Hemmings	2 (1 count each)	Failure to follow proper Trust Accounting	David Hemmings	8,000	-	-	-	-
			Jennifer Hemmings	3,000	-	-	-	-
Note: this is the second offence and conviction under the Act for Mr. Hemmings. He pled guilty to one count of operating as an unregistered travel agent in October 2013 and was sentenced to a fine of \$3,000.								
Aquarius Scuba Diving Centre Inc. / Marek Paszyn	2 (1 count each)	Operating as an unregistered travel agent	Aquarius Scuba Diving Centre Inc. Marek Paszyn	Suspended Sentence 4,000	-	-	-	-
Note: After charges were laid, Aquarius applied and was approved for registration as a travel agent under the Act.								
TOTAL:	41 counts		Fines:	136,500 (170,500 with victim surcharge fees)	Restitution:	320,151	Probation: 12 Years – (approx 4380 days) Community Service: 50 Hours Jail Time: 4 Months – (approx 120 days)	

Proposals to Revoke Registration

A total of 14 proposals to revoke registration were issued during 2016/2017. The proposals were issued for the following reasons:

	2016/17	2015/16
Failure to file Financial Statements	7	5
Failure to maintain Working Capital	1	2
Failure to maintain Trust Accounting	3	4
Failure to file Compensation Fund Assessment (Form 1)	1	7
Other Breaches of the Act and Regulation	<u>2</u>	<u>0</u>
	14	18

TICO attended 20 case conferences and 4 hearings before LAT in response to the proposals issued against registrants. Case conferences are a mandatory part of the LAT appeal process. Some proposals were settled prior to their scheduled hearing date. During the year, 7 registrations were revoked, 1 proposal was withdrawn and 10 were settled by consent order. At the beginning of the fiscal year, there were 11 outstanding proposals and at the end of March 2017, there were 7 outstanding proposals.

Legislative and Regulatory Changes

The Ministry of Government and Consumer Services consulted on proposed changes to the regulations under the *Travel Industry Act, 2002 (Act)* in two phases during November/December 2015 and March/April 2016.

The following amendments to the Regulation came into force on July 1, 2016:

- Exempting businesses that exclusively offer one day tours from the requirements of the Act.
- Modifying the security deposit and working capital requirements to provide some flexibility for lower risk businesses that are closely tied to government.
- Aligning the filing deadline for regular claims and trip completion claims at six months.

The following amendment to the Regulation came into force on January 1, 2017:

- All-in pricing. This provision requires registered businesses to display the total price to consumers, including all fees, levies, taxes and other charges, when advertising travel services.



Comprehensive Review of the *Travel Industry Act, 2002* and Ontario Regulation 26/05

On June 21, 2016, the Ministry of Government and Consumer Services announced that it would be undertaking a comprehensive review of the *Travel Industry Act, 2002* and Ontario Regulation 26/05. The goal of the review will be to update and modernize the consumer protection legislation, strengthen consumer protection and regulatory efficiency as well as reduce burden on business.

To assist the Ontario Government with identifying any challenges and opportunities for consumer protection in the travel sector, the Government actively sought out feedback from all stakeholders in Phase One of the comprehensive review by making an online survey available to allow both industry and consumers to provide their input. In Phase 2 of the review, the Government held a number of public consultation sessions throughout Ontario to obtain feedback from all stakeholders.

Based on the feedback received the Government released a Report summarizing the findings from the stakeholder consultations in the first phase of the review. The report outlined preliminary options for potential changes to the *Travel Industry Act*. Members of the public and the travel industry were encouraged to review the summary report and provide input on the questions and options presented in the report during the second phase of the review.

TICO's Legislative & Regulatory Modernization Committee provided guidance and oversight in developing recommendations to the TICO Board of Directors for legislative and regulatory reform. TICO also held meetings and open forum sessions with stakeholders throughout the fiscal year to obtain insight and feedback to assist with the development of TICO's written submission of recommendations to modernize the *Travel Industry Act, 2002* and Ontario Regulation 26/05.

Based on the feedback provided in Phase 2 of the review, the government will work with stakeholders to develop a set of options and recommendations which may include potential changes to the act and/or the regulation. These options and recommendations will be detailed in a final report which is expected to be released in late Spring 2017.

Photo credit to PAXnews.com



From left to right:
Richard Smart, President & CEO, Jean Hébert, Chair TICO Board and Frank Denton, Assistant Deputy Minister, MGCS

Consumer Awareness Campaign

During the 2016/2017 fiscal year, TICO worked with the Marketing Garage of Aurora, Ontario on TICO's Consumer Awareness Campaign. The goal each year is to increase consumer awareness and to ensure that consumers gain a better understanding of TICO and the consumer protection that is available when they purchase travel services from Ontario registered travel agencies.

The Campaign strategy included the production of two 15-second commercials using innovative travel icon symbols to convey a story and provide TICO's important consumer protection message.

The icon story campaign was initially developed in 2015-2016 as a result of feedback received from registrants and frontline travel agents who attended TICO's roundtable sessions during the prior year. At those sessions, registrants and travel agents recommended that TICO design a consumer awareness campaign with messaging that demonstrates the possible pitfalls of booking travel services without using the services of an Ontario registered travel agency or website.

Using various moving travel icons, the 15-second animated television commercials were produced with one depicting a family denied boarding at the airport because they held an expired passport and the other depicting a family ready to start their vacation only to learn their airline has ceased operations and the only way to receive protection from Ontario's Compensation Fund is to book with a TICO registered travel agency or website. The call to action that follows states, "For all the information you don't know you don't know, book with a TICO registered travel agency or website. TICO, Ontario's Travel Regulator. Look for the logo." The Campaign promotes the benefits of booking with Ontario registered travel agencies and their respective travel counsellors in addition to promoting TICO and the consumer protection available in Ontario.

TICO's media strategy had the two 15-second television commercials airing on all Ontario television networks as well as viewed online as pre-roll ads to capture consumers who view news, television and video online. The television commercials aired on all Ontario networks over a 5 week period in mid-December 2016 through January 2017 achieving 150 Gross Rating Points (GRP) a week and delivering over 100 million Adult 18+ impressions to provide a more meaningful impact and use of TICO's advertising dollars.

During the fiscal year, TICO's Consumer Awareness Campaign also included a dedicated digital marketing media strategy to increase its reach to improve awareness among Ontario travellers, particularly those in a younger age bracket that predominantly use the internet and social media to research and purchase products and services as opposed to turning to the traditional bricks and mortar retail travel agency.

The Campaign's digital marketing strategy included pay-per-click advertising to capture consumers on the internet when searching for travel services. Display ads were used and linked to customized landing pages, which provided consumers with TICO's consumer awareness message. This initiative resulted in over 98,000 clicks and 20,000,000 impressions during the fiscal year.

The consumer campaign during the year generated over 313,000 visits to TICO's website, which is an increase of 18.20% of visits to tico.ca compared to the previous year. TICO also enhanced its website by introducing a search optimized blog with useful travel tips and information for consumers with over 51,350 page views and the most popular blog being shared over 6,000 times. TICO also introduced postings via various social media networks such as Facebook and Twitter. Postings included regular informative postings about travel and consumer protection and the benefits of booking with Ontario registered travel agencies and websites.



Throughout 2016/2017, TICO continued to attend consumer trade shows around the province to promote consumer awareness and educate them about TICO and the consumer protection available to them when they purchase travel services from TICO registered travel agencies.

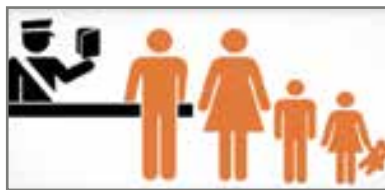
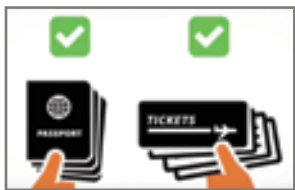
Each year, TICO conducts an omnibus survey to measure the success of the campaign. Awareness of TICO in Ontario remained static at 33% which was the same outcome in the previous year. Of those consumers surveyed in the GTA, 36% indicated awareness of TICO compared to 40% in the previous year. In addition, of those consumers surveyed who recognized the TICO logo, 81% correctly identified at least one TICO role compared to 74% in the previous year.

The omnibus survey revealed that of those consumers surveyed, 73% indicated that they were aware that they must purchase travel services from an Ontario registered travel agency or website to obtain the protection from TICO and the Compensation Fund, compared to 69% in the previous year.

In 2017, 38% of consumers surveyed in Ontario indicated television advertising as the source of awareness of TICO, compared to 39% in the previous year.

TICO also continued to extend its reach to consumers by conducting 8 speaking engagements with consumer groups around the province to increase awareness of TICO, its services and the consumer protection available in Ontario.

The goal is to continue to increase awareness of TICO and understanding of the consumer protection that is available when purchasing travel services from Ontario registered travel agencies and websites.



Registrant Engagement

In 2016/2017, TICO continued its efforts to reach out to registrants and provide opportunities for meaningful engagement and sharing of information to not only provide the industry with a better insight of TICO but to also allow TICO to gain a better understanding of issues or challenges being faced by registrants in the marketplace.

TICO conducted 15 roundtable and open forum sessions across Ontario with industry associations, frontline travel agents and travel agency owners to obtain feedback on their understanding of TICO, its role in the industry, as well as gain important insight and feedback to assist TICO with the development of its submission of recommendations to the Ontario Government for legislative and regulatory reform.

The roundtable sessions provided an opportunity for TICO to engage registrants and travel agents with respect to their knowledge and understanding of TICO, its services and how the current legislation affects their businesses. The sessions provided an opportunity for an open dialogue with industry members on various questions and/or industry issues they wished to raise. TICO also addressed the regulatory changes that came into force during the fiscal year and the increase to the Compensation Fund assessment rate. The feedback received from attendees was very constructive. Both attendees and TICO left the sessions with a greater understanding and appreciation of the issues and challenges faced in the Industry.

TICO also attended six industry events to distribute information and obtain feedback from registrants and to encourage registrant engagement in TICO's Consumer Awareness Campaign as well as the Government's comprehensive review of the Act and Regulation.

TICO continued its efforts to engage with registrants to enhance their knowledge. TICO held 11 seminars on accounting and financial requirements with registrants to promote a greater understanding of their responsibilities in relation to financial compliance.

Corporate Social Responsibility (CSR)

Since commencing its CSR initiative, TICO's CSR Committee, a group of eleven enthusiastic and dedicated staff members, have developed a CSR Charter and a Strategy, which incorporates environmental, charitable and financial initiatives.

Environmental Initiatives

1. Participation in an office waste and recycling program, with efforts aimed at responsible use of paper, paperless initiatives and recycling.
2. Educational Earth Week activities.
3. TICO staff adopted Max Ward Park and committed to regularly cleaning up the park which is near TICO's offices. Max Ward was a Canadian aviator and founder of Wardair Canada.

Local Charitable Initiatives

1. Continued its partnership with the Mississauga Food Bank.
2. TICO staff volunteered at the Mississauga Food Bank and sorted food.
3. Conducted Thanksgiving and Christmas Food Drives.

Global Charitable Initiatives

1. Entered into an agreement with Plan Canada to support a community in Nga, Laos.
2. TICO successfully raised \$5,150 through various CSR initiatives in support of Plan Canada.

Financial Initiatives

1. The CSR Committee has commenced plans to incorporate environmental, social and governance (ESG) investing into TICO's Investment Policy.

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 (TICO) for the year ended March 31, 2017 with comparative figures for March 31, 2016. It should be noted that certain accounts have been restated for comparative purposes as described more fully below.

Overview

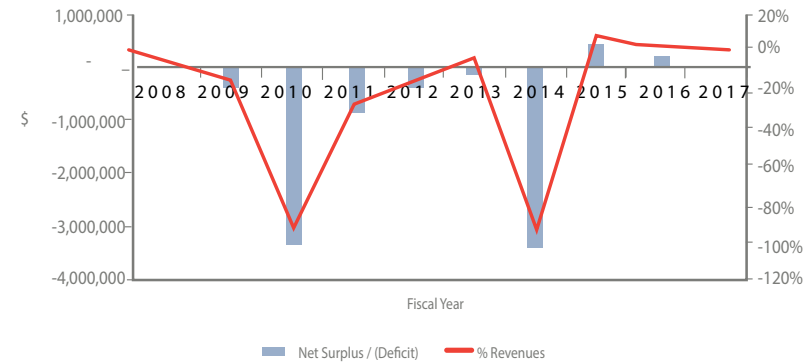
While the 2016/2017 travel marketplace and global environment continued its share of surprises, TICO's overall financial performance tracked according to plan. For the third consecutive fiscal year, TICO generated a positive net surplus, slightly above break-even for fiscal year 2016/2017. Both revenues and operating expenses achieved budget expectations. Like recent years, this was another year where claims against the Compensation Fund were low by historical standards.

As at March 31, 2017, total Net Assets at year-end were \$22,282,737 compared to \$22,274,594 for the year ended March 31, 2016. This increase in Net Assets was the result of total revenues exceeding all expenses net of claims by \$8,143 for the year, compared with a slightly larger surplus of \$94,837 in the prior year. Total revenues increased by \$317,342 (7%), while operating expenses, before net claims, were higher by \$522,362 (12%). Excluding a one-time write-down of the prior year prepaid expenses of \$55,906, operating expenses increased by \$466,456 (11%), marginally higher than the 10% budgeted. Net claims remained relatively low at \$42,279 compared to \$160,605 the year prior.

Included in this year's financial performance is a change in accounting policy with respect to pending claims against the Compensation Fund. With the goal of enhancing financial reporting, and consistent with generally accepted accounting principles, management has included a provision for unpaid claims at March 31, 2017, and a prior year adjustment to fiscal year 2015/2016 for comparative purposes. Management believes this new policy reflects a clearer perspective on the liability for claims at year-end.

For the third consecutive year, TICO generated a net surplus of revenue over expenses close to break-even at \$8,143, down from the prior year's restated net surplus of \$94,837.

Net Surplus / (Deficit) % to Revenues



TICO is required to hold all Compensation Fund monies in trust. As of March 31, 2017, the assets held for the Fund totaled \$20,644,930. There were no transfers between the unrestricted fund and restricted fund for the Compensation Fund during the year.



Revenue

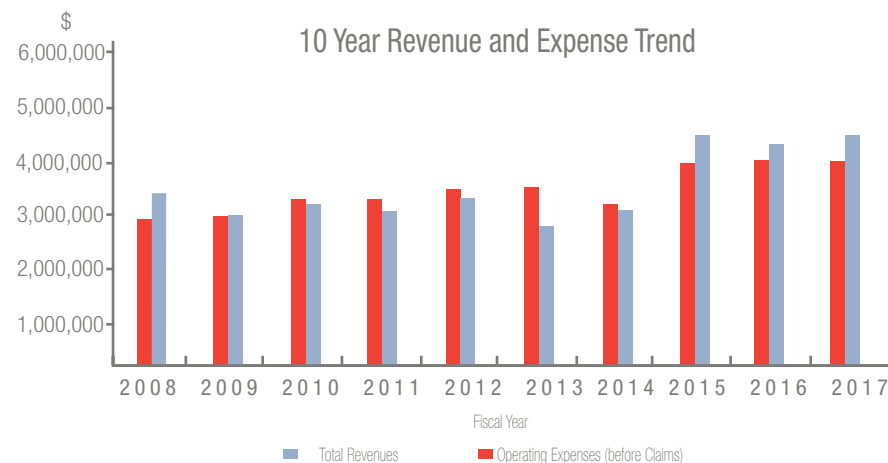
Total revenue for the year ended March 31, 2017 was \$4,793,002 derived as follows:

Revenue by Source			
Source	2017	2016	% Change
Semi-annual Assessments	\$2,710,952	\$2,332,835	16%
Renewals	1,053,733	1,048,786	-
New Registrants	306,600	330,500	(7%)
Education	224,820	228,912	(2%)
Investments	496,897	534,627	(7%)
Total	\$4,793,002	\$4,475,660	7%

Figure 15: Revenue by Source

In total, revenues tracked ahead of budget expectations and were higher than the prior year by \$317,342 or 7%. Each source of operating revenue was in line with budget expectation, with revenue from semi-annual assessments driving the most significant increase. Effective July 1, 2016, the assessment rate for payments to the compensation fund increased from \$0.15 per thousand of Ontario Gross Sales to \$0.20. This fee increase is calculated on a trailing six months' revenue, and therefore the full impact on operations is delayed.

A ten-year trend of revenues demonstrates a relatively constant range of annual revenue generation and the sensitivity to past fee changes.



TICO's revenues are largely driven by the number of active retail and wholesale registrants in the province, level of Ontario gross sales, other income from exams and the investment portfolio primarily underpinning the Compensation Fund. During this fiscal year, the decline of TICO registrants continued. Total registrants of 2,418 are lower from prior year by 1% and reflect a continued trend where new channels of distribution continue to grow and displace traditional agency models. The number of new registrants this past fiscal year (139) was a positive outcome, exceeding the prior year by 12. This new growth was offset by a larger number of terminations (155), although this too was lower than the prior year. In aggregate, revenues for new registrations and renewals were in line with budget expectations, and marginally lower than a year earlier.

During the year, TICO administered over 5,600 exams. This exam activity has declined over the past two fiscal years as the marketplace has diversified into online sales and other channels. Since 2009, TICO has successfully administered over 60,000 exams.

Interest rates were expected to remain low for the foreseeable future. As a result, investment income totaling \$496,897 experienced another year of decline as interest rates remain stubbornly low. A gradual increase in long-term interest rates consistent with an economic recovery, and assumed in most economist projections has not yet occurred. In total, investment income was lower than prior year by \$37,730 or 7%, but was also better than 2016/2017 budget expectations.

Expenses

Total expenses (including net claims) of \$4,784,859 are higher compared to prior year expenditures of \$4,380,823 by approximately 9%. This increased investment in operations was reflected in the annual operating budget approved by the Board of Directors. Expense variations are described below:

Claims and Recoveries

Despite a busy year of enforcement activity, the number of approved claims represents another very low claims' year for the travel industry, well below budget, and lower than the prior year.

Total net claims for fiscal year 2016/2017 was \$42,279 compared to net claims of \$160,605 in 2015/2016. Gross claims resulting from the closure of registrants totaled \$243,425 in support of 177 passengers. There were no claims for trip completion during the year.

Recoveries from prior year security deposits and repayments from registrants totaled \$63,433. This was a significant accomplishment when compared with the \$3,072 recovered in the prior fiscal year. Further details on these recoveries can be found on page 30.

The percentage of net claims to revenues for fiscal year 2016/2017 was 0.9%, well below the 10-year cumulative average of 21% (Fig. 18). While the Compensation Fund is currently within the prescribed target range of the Board (Fig 17), a large or catastrophic failure would potentially deplete the fund below this target.

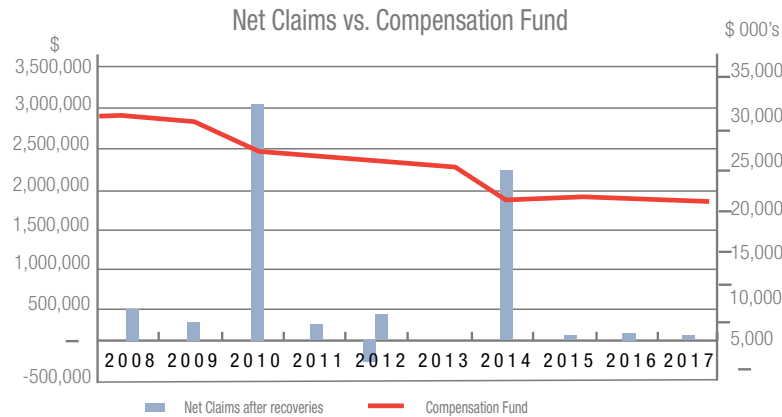


Fig. 17: Net Claims vs. Compensation Fund

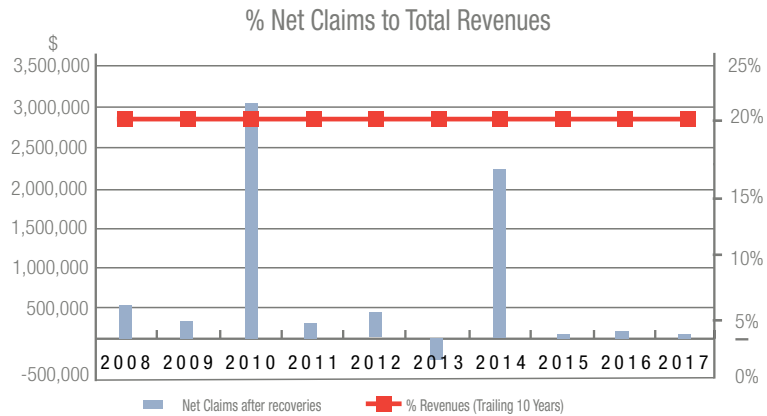


Fig. 18: % Net Claims to Total Revenues

Salaries and Benefits

Expenses of \$1,879,800 were higher than prior year of \$1,731,548 by \$148,252 or 9%, aligned with budget expectations. This expense is reflective of all administrative staff salary adjustments, including normal market adjustments and employee benefits throughout the year. The addition of a new IT Director, combined with lower expenses in the prior year, due to attrition, explains much of the increase this fiscal year. Salaries & benefits expense for compliance staff (primarily inspectors and investigators) was \$641,574, an increase of \$92,626 or 17%, largely the result of lower expenses due to attrition reflected in the prior year, and a new staff (legal) addition this fiscal year. In total for all staff, salaries and benefits met budget expectations and grew 10% compared to prior year, reflecting two net new positions.

Consumer and Registrant Awareness

Total expense of \$715,757 reflects a net increase of \$36,236 or 5%. Expenses in this category include TICO's province wide consumer awareness campaign, the cost of TICO's quarterly newsletter, website and participation at consumer trade shows, roundtables and compliance webinars. During the year, TICO leveraged its prior year investment in a new campaign using clever travel icons in both traditional and digital medias. During 2016/2017, TICO shortened the prior year's commercial to a 15 second spot and introduced a second 15 second commercial aimed at informing consumers on the availability of the compensation fund. Overall awareness remains steady, but an increase understanding of TICO's role in the consumer awareness process was achieved.

Board Meeting Expense

Total expenses of \$233,309 have decreased marginally by \$2,985 during fiscal year 2016/2017 over the prior year. This expense category is primarily tied to Board member remuneration for meetings but also includes the cost of TICO's Annual General Meeting, governance matters, travel and meeting expenses and other associated costs. The number of directors was, on average, consistent with prior years.

Other Operating Expenses

Total other expense of \$1,272,140 has increased by \$248,233 or 24% over the prior year. The primary drivers behind this increase relate to (i) planned investment in technology initiatives (\$79,985), (ii) Ministry expenses related to the comprehensive review of the legislation (\$85,881) and (iii) a write-down related to prior year's prepaid assets (\$55,906). Other expenses make-up the balance of the increase.

Accounting Policy Change

New this fiscal year is a provision for pending claims at March 31 year-end. This policy uses historical experience and current knowledge of the travel industry in Ontario to determine an estimated accrual for claims received at year-end, but not yet resolved and/or paid. Fiscal year 2015/2016 has also been restated; similarly, an accrual was estimated for the opening balance of this fiscal year and as at March 31, 2017 to reflect this revised policy. Management believes this accounting represents improved disclosure of the claims liability at year-end. For March 31, 2017, the accrual at year-end was adjusted lower by \$137,713 to reflect lower pending claims received as at year-end compared to prior year. This adjustment resulted in a lower claims expense in the Statement of Operations reported for the current fiscal year.

A further change in presentation was also reflected in the audited financial statements. In prior years, the financial statements included an allocation of revenues and expenses between the Compensation Fund and TICO Asset. These past allocations were based on estimates that do not reflect the variability of management activity and are not consistent with the single consumer protection mandate as supported by TICO's Vision and Mission statements. This disclosure is also not required under generally accepted accounting principles, and concerns exist that such an allocation may be misleading. As a result, management is no longer providing this disclosure. The Board of Directors will continue to provide oversight and monitoring of the Compensation Fund to ensure the appropriate fund balance is maintained and that compliance with legislation is maintained.



Appendix I

Travel Industry Council of Ontario
Audited Financial Statements



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Statement of Financial Position	1.2
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Statement of Changes in Net Assets	1.4
Statement of Cash Flows	1.5
Notes to the Financial Statements	1.6



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BDO Canada LLP
1 City Centre Drive, Suite 1700
Mississauga ON L5B 1M2 Canada

Independent Auditor's Report

To the Registrants of the Travel Industry Council of Ontario

We have audited the accompanying financial statements of Travel Industry Council of Ontario ("TICO"), which comprise the statement of financial position as at March 31, 2017 and the statements of changes in operations, the changes in net assets, and cash flows for the year then ended 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 auditors' 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 Travel Industry Council of Ontario as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organization

Other Matters

Without modifying our opinion, we draw attention to Note 8 to the financial statements, which explains that certain comparative information for the year ended March 31, 2016 has been restated. The financial statements of the Travel Industry Council of Ontario for the year ended March 31, 2016 (prior to the restatement of the comparative information) were audited by another auditor who expressed an unmodified opinion on those statements on May 31, 2016.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
May 31, 2017
Mississauga, Ontario

TRAVEL INDUSTRY COUNCIL OF ONTARIO

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31

	2017 \$	2016 \$
ASSETS		(Restated - Note 8)
Current		
Cash	3,016,889	2,344,529
Short-term investments (Note 2)	11,574,930	7,263,940
Prepaid expenses	<u>105,312</u>	<u>122,851</u>
	14,697,131	9,731,320
Investments (Note 2)	11,476,439	16,485,605
Capital assets (Note 3)	<u>176,094</u>	<u>159,422</u>
	<u><u>26,349,664</u></u>	<u><u>26,376,347</u></u>
LIABILITIES AND MEMBERS' EQUITY		
Current		
Accounts payable and accrued liabilities	764,718	893,046
Deposits from registrants	<u>3,283,660</u>	<u>3,178,818</u>
	4,048,378	4,071,864
Deferred leasehold inducement	<u>18,549</u>	<u>29,889</u>
	<u><u>4,066,927</u></u>	<u><u>4,101,753</u></u>
NET ASSETS		
Compensation Fund	20,644,930	20,644,930
Invested in capital assets	176,094	159,422
Unrestricted	<u>1,461,713</u>	<u>1,470,242</u>
	<u><u>22,282,737</u></u>	<u><u>22,274,594</u></u>
	<u><u>26,349,664</u></u>	<u><u>26,376,347</u></u>

The accompanying notes are an integral part of these financial statements

TRAVEL INDUSTRY COUNCIL OF ONTARIO

STATEMENT OF OPERATIONS FOR THE YEARS ENDED MARCH 31

	2017 \$	2016 \$ (Restated - Note 8)
REVENUE		
Semi-annual payments from registrants	2,710,952	2,332,835
Renewals	1,053,733	1,048,786
New registrants	306,600	330,500
Education standards fees	224,820	228,912
Investment income	<u>496,897</u>	<u>534,627</u>
Total revenue	<u>4,793,002</u>	<u>4,475,660</u>
EXPENSES		
Claims	105,712	163,677
Recoveries	<u>(63,433)</u>	<u>(3,072)</u>
Net claim and closure related costs	<u>42,279</u>	<u>160,605</u>
Salaries and benefits	1,879,800	1,731,548
Consumer and registrant awareness	715,757	679,521
Inspections, compliance and investigations	641,574	548,948
Computer network and support	301,923	192,343
Ontario Government oversight fees (Note 5)	284,588	198,707
General and office	234,114	211,961
Board and governance expense	233,309	236,294
Rent	219,924	213,995
Professional fees	99,917	98,779
Insurance	55,712	34,770
Amortization	45,204	38,546
Bank charges and merchant fees	22,079	26,690
Credit checks	<u>8,679</u>	<u>8,116</u>
Total operating expenses	<u>4,742,580</u>	<u>4,220,218</u>
Excess of revenue over expenses for the year	<u>8,143</u>	<u>94,837</u>

The accompanying notes are an integral part of these financial statements.

TRAVEL INDUSTRY COUNCIL OF ONTARIO

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEARS ENDED MARCH 31

	Invested to Capital Assets \$	Restricted For The Ontario Travel Industry Compensation Fund \$	Unrestricted Fund \$	2017 Total \$	2016 Total \$
Balance, beginning of year as previously stated	159,422	20,813,919	1,470,242	22,443,583	22,286,209
Restatement (Note 8)	—	(168,989)	—	(168,989)	(106,452)
Balance, beginning of year, as restated	159,422	20,644,930	470,242	22,274,594	22,179,757
Excess of revenue over expenditures	—	—	8,143	8,143	94,837
Purchase of equipment	61,876	—	(61,876)	—	—
Amortization of equipment	(45,204)	—	45,204	—	—
Balance, end of year	<u>176,094</u>	<u>20,644,930</u>	<u>1,461,713</u>	<u>\$ 22,282,737</u>	<u>22,274,594</u>

The accompanying notes are an integral part of these financial statements.

TRAVEL INDUSTRY COUNCIL OF ONTARIO

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31

	2017 \$	2016 \$ (Restated - Note 8)
Cash was provided by (used in)		
Operating activities		
Excess of revenues over expenses before other items	8,143	94,837
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities		
Amortization	45,204	38,546
Unrealized change in investments	(406,727)	(611,648)
Changes in non-cash working capital balances		
Prepaid expenses	17,539	(43,564)
Accounts payable and accrued liabilities	(128,328)	160,095
Deposit from registrants	104,842	36,36
Deferred lease inducement	(11,340)	(11,341)
	<u>(370,667)</u>	<u>(336,707)</u>
Investing activities		
Purchase of investments	(5,273,332)	(7,470,406)
Redemption of investments	6,378,235	8,057,6257
Purchase of capital assets	(61,876)	(31,073)
	<u>1,043,027</u>	<u>556,146</u>
Increase in cash	672,360	219,439
Cash, beginning of year	<u>2,344,529</u>	<u>2,125,090</u>
Cash, end of year	<u><u>3,016,889</u></u>	<u><u>2,344,529</u></u>

The accompanying notes are an integral part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Travel Industry Council of Ontario (TICO) was incorporated on April 7, 1997 as a not-for-profit corporation without share capital, under the laws of Ontario. TICO is designated by the Lieutenant Governor in Council, as the Administrative Authority responsible for administration of the Ontario *Travel Industry Act, 2002* (the "Act"). TICO's responsibilities are to carry out delegation of the Act in accordance with the Administrative Agreement and to achieve the 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.

TICO is not subject to income taxes in accordance with Section 149(1)(l) of the Income Tax Act (Canada).

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

TICO records revenue using the deferral method of accounting for contributions. Semi-annual payments from registrants, renewals and new registrant fees are recorded when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Education standards fees revenue is recognized as it is earned which is when the education standards exams are completed.

Investment income is recorded as revenue when received or receivable.

Claims:

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 six months after the registrant failure.

Claims provision is estimated at each fiscal year end. In addition, provisions are made for changes in reported claims and claims accrued but not reported, based on past experience and business in force. The estimates are regularly reviewed and updated, and any resulting adjustments are included in excess of revenue over expenditures.

TRAVEL INDUSTRY COUNCIL OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2017

1. Significant Accounting Policies (Continued)

Deposits From Registrants

Deposits from registrants are received or receivable upon registration with TICO and is returned to the registrant upon the completion of submitting two consecutive financial statements to TICO.

Recoveries

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

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization based on the estimated useful life of the assets is calculated as follows:

Furniture and fixtures	20% diminishing balance
Computer hardware	3 years straight-line
Computer software	2 years straight-line
Database	5 years straight-line
Leasehold improvements	over the term of the lease
Vehicle	30% diminishing balance

Deferred Lease Inducement

Deferred 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 accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. All fixed income notes and guaranteed investment certificates are recorded at fair value, with gains and losses reported in operations. All other financial instruments are reported at amortized cost less impairment, if applicable. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items re-measured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

2. Investments

Investments consist of guaranteed investment certificates and fixed income notes bearing interest at rates ranging from 1.60% to 3.70% (2016 - 1.40% - 4.30%) and with maturity dates ranging from April 2017 to December 2023 (2016 - April 2016 to December 2023). Investments that mature within the next fiscal year are presented as short-term on the statement of financial position. Included within the investments are restricted deposits from registrants.

3. Capital assets

	Cost	2017 Accumulated Amortization	Cost	2016 Accumulated Amortization
	\$	\$	\$	\$
Furniture and equipment	258,775	\$222,566	253,308	214,198
Computer and hardware	125,778	106,429	103,906	100,538
Computer software	61,379	34,468	32,258	31,968
Database	244,416	244,416	244,416	244,416
Leasehold improvements	243,483	161,223	238,067	137,645
Vehicles	35,475	24,110	35,475	19,243
	<u>969,306</u>	<u>793,212</u>	<u>907,430</u>	<u>748,008</u>
Net book value		<u>176,094</u>		<u>159,422</u>

4. Internally Restricted Net Assets - The Ontario Travel Industry Compensation Fund

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

Ontario Regulation 26/05 made under the Act restricts the maximum amount that may be reimbursed for a failure to provide travel services with respect to all claims arising out of an event or major event to \$5,000,000 plus an additional \$2,000,000 for trip completion costs. The Fund pays a maximum claim of \$5,000 per person.

5. Commitments and Contingencies

(a) Under terms of an Administrative Agreement entered into during January 2013 between TICO and the Ministry of Government and Consumer Services (the “MGCS”), TICO is obligated to pay a maximum annual fee for 2017, based on cost recovery to the Province of Ontario, totaling \$198,707. During the year, MGCS commenced a review of the ACT and incurred additional expenses of \$85,881 for a total of \$284,588.

The MGCS may increase this annual payment above the maximum amount in any given year in accordance with the terms of the Administrative Agreement. For 2017 and subsequent fiscal years, MGCS shall determine the payment for each year and will notify TICO at least 18 months in advance of the payment being due.

b) TICO has operating lease commitments for its premises. Future minimum annual lease payments for the next four years are as follows:

2018	118,399
2019	78,228
2020	1,587
2021	132

6. Financial Instrument Risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. TICO is exposed to interest rate risk arising from the possibility that changes in interest rate will affect the value of fixed income denominated investments.

This risk has not changed from the prior year.

7. Comparative Figures

The comparative figures have been reclassified to conform with the method of presentation adopted for the current year.

8. Prior Period Adjustment

The claims provision is now accrued using historical experience and the best current knowledge of the travel industry within Ontario. Previously, claims were not recorded until Board approval was obtained. As a result liabilities, net assets and excess of revenue over expenditures were adjusted in prior periods to accurately reflect the claims provision accruals. The result of this adjustment to the prior year is as follows:

Increase in accounts payable and accrued liabilities	168,989
Increase in claims expense	62,537
Decrease in net assets, beginning of year	(106,452)
Statement of Cash Flows impact:	
Excess of revenue over expenditures	(62,537)
Accounts payable and accrued liabilities	62,537

Business Plan

April 1, 2017 – March 31, 2020

In assuming the delegation from the Ontario Government for administering the *Travel Industry Act, 2002*, which governs approximately 2,400 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 **20TH** year Business Plan which follows, outlines:

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

Environment

Last year, Canada's economic output bore resemblance to a “tale of two cities” with the 1st half of the economic engine struggling to gain a foot-hold and the second half firing on “most” cylinders. Volatility with commodity prices (oil) and the devastating wild fires in Fort McMurray, Alberta had significant, but short-term impact on economic activity. So far, 2017 is off to a good start with economic output showing resilience. However, as has become the norm of late, there are clouds in the horizon that cannot be overlooked. 2017 has the potential to be a very good year for the travel industry, but, as has become all too common, this upside is susceptible to downside risks along the way. This positive outlook is evident in the national index of Consumer Confidence (tracked by the Conference Board of Canada) where the index has shown a significant improvement from February 2016 (83.7) to March 2017 (111.7), the highest level in over 7 years.

Globally, both advanced economies and developing nations are expected to perform better in 2017 and 2018. Following an estimated 3.1% global growth in 2016, the International Monetary Fund (IMF) projects continued growth of 3.4% and 3.6% for 2017 and 2018 respectively. While these growth rates reflect a strengthening USA economy, much of the strength continues from emerging economies, including continued strength by China – the latter expected to grow closer to 6.5%. These growth rates translate into positive momentum for the travel industry. The United Nation's World Tourism Organization reported global tourism growth of 3.9% (slightly better than original projections) for 2016, with an expectation that 2017 tourism growth would remain in the 3-4% range. Buoyed by strong consumer confidence and recent economic strength, North America tourism is expected to grow by an even stronger 4-5%. Similarly, the International Air Transport Association (IATA) is projecting growth in 2017 in both demand and capacity, and projects another year of reasonable net profit margins for the airline industry.

In Canada, a number of additional factors will impact travel intentions. Two significant factors are the value of the Canadian dollar and oil (gas) prices. To a somewhat lesser extent, the change of administration in the United States and the uncertainty with future policy decisions, may also impact Canadian travellers. The Canadian dollar, currently trading at an exchange of approximately \$0.75 to the US dollar, is widely expected to weaken throughout 2017. With the Federal Reserve expected to continue with its upward interest rate adjustments, and the Bank of Canada's intention to hold rates static, this divergence in monetary policy will drive the Canadian dollar weaker. Most pundits expect a \$0.72 to \$0.73 dollar before the end of 2017 (some think even lower). This unfavorable exchange trend will drive upward pricing pressure on travel abroad for Canadians. Similarly, the price of oil and the upward prices at the gas-pumps will leave less discretionary dollars for Canadians to use for travel purchases.

Closer to home, Ontario's economy is more diversified than most of the other provinces. Economic growth for 2017 is expected to lead the country at 2.5% as Ontario enjoys the benefits of increased import demands from the USA, fiscal stimulus from all levels of government and a continued robust housing market. With low interest rates, the overall business climate remains bright and capital investment is projected to be a boost to the economy. Offsetting this general bullish outlook for Ontario is the recent reduction in consumer confidence to 104.1 in March – this is down 5 points from the prior month, driven primarily from Greater Toronto Area (GTA) sentiments. Housing affordability is a significant and growing issue for GTA residents. Recent highs in real estate home prices have many people worried about a “housing bubble” and future affordability when interest rates do begin to rise. These concerns may translate into greater savings intentions, and less disposable income available for future travel purchases.

In Ontario, the travel market, measured by registrant gross revenues, remained buoyant, slightly ahead of a year ago. While international growth has been robust, Ontario inbound travel has also grown to record levels not seen in more than 14 years – an estimated 20 million visitors this past year alone. This growth represents a significant economic boost to the province. As mentioned earlier, the market is also poised for similar growth for 2017, if not better, subject to some of the macro downside risks associated with monetary/fiscal policy, geo-political risks, and the ongoing threats of terrorism. As reported in last year's Business Plan, margin pressures continue to be one of the largest business challenges faced by TICO's registrants. The continued growth of distribution channels, including independent sales agents, home-based agencies and online agencies continue to be a dominant factor in the marketplace. Consumer preferences continue to evolve, in part driven by demographics, increased demands on time, but also significantly by emerging technology. More-and-more, consumers' tolerance for risk is changing, often accepting more risk, the result of greater choice and new advancement in technologies and online booking engines. While competition is generally good for the consumer, there are increasingly new risks that consumers also need to be aware.

Fraud, unfortunately, remains a significant concern for the travel industry. At all levels, regardless of size, the impact to both consumers and registrants continues to grow. It remains imperative that government, industry and registrants continue to work collaboratively to mitigate this growing risk. While new technologies will always become available to combat fraud, there can be no substitute for ensuring that organizations develop the appropriate tone from the top and a system of strong internal controls to avoid being victims of fraudulent activity.

In summary, we are fortunate to live and operate in a regulated province where both consumers and business can operate knowing that a fair consumer protection framework exists. TICO is also aware that this framework cannot remain static given the high pace of change within the travel industry. Earlier this year, the government and TICO announced several regulatory changes, including the move to an all-in pricing environment where consumers are now able to clearly understand and see the total price to be paid for their travel purchase. Similarly, the government's announcement last year to conduct a comprehensive review of the *Travel Industry Act, 2002* and Ontario Regulation 26/05 has generated significant attention by all stakeholders. While the outcome of this review of the legislation remains a work-in-progress, there is optimism that Ontario's consumer protection model will become more efficient and effective for both consumers and registrants for years to come. We would be remiss if we also did not highlight the United Nation's declaration that 2017 is the year of Sustainable Tourism for Development. This important initiative aims at "fostering better understanding among peoples everywhere, in leading to a greater awareness of the rich heritage of various civilizations and in bringing about a better appreciation of the inherent values of different cultures, thereby contributing to the strengthening of peace in the world". TICO supports this initiative through its commitment to our Corporate Social Responsibility priorities.

In closing, it's worth repeating that Ontarians benefit from a strong system of consumer protection. Despite significant challenges, both consumers and business have demonstrated an ability to thrive in a marketplace based on transparency, accountability and fairness. At TICO, we remain passionate and committed to a continued strong relationship with our stakeholders to ensure these fundamental goals are embedded in the way we do business, now and for the future.



Travel Industry Council of Ontario (TICO) 3 Year Business Plan - FY 2017/2018 to FY 2019/2020

This Business Plan contains forward-looking information that reflects management's current expectations related to matters such as strategic goals and priorities, projected future financial performance and operating results of the Company. Forward looking statements are provided for the purposes of providing information about Management's current expectations and plans and allowing stakeholders and others to get a better understanding of the Company's financial position, projections and operating environment. Readers are cautioned that such information may not be appropriate for other circumstances. By their very nature, forward looking statements require Management to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that the Company's assumptions, estimates, analyses, beliefs and opinions may not be correct and that the Company's expectations and plans will not be achieved.

TICO's three year Business Plan applies a systematic approach to delivering its mandate from the Ministry of Government and Consumer Services ("Ministry"). This approach is illustrated in the model below and forms the basis of this Business Plan. TICO recently introduced new modernized Vision and Mission Statements (see page 4 of this Annual Report.

Our Commitment:

Consistent with TICO's mandate and vision, strong consumer awareness and protection for the Ontario traveller is TICO's ultimate goal. Consumer awareness, protection and tourism are important foundations for Ontario's economy, and it is therefore vital a comprehensive consumer protection framework is aligned with sound business practice across the province. While the Ontario traveller is the end consumer, TICO's Business Plan must be achieved through engaging in strong partnerships with industry ("registrants"), industry associations and the Ontario government.

This Business Plan framework is squarely aimed at addressing the key risks facing TICO in the achievement of its mandate. This framework must benefit all stakeholders, but in particular, it needs to consider the vulnerable, indebted and less informed travellers who may be at greater risk due to fraud and other circumstances beyond their control. Indeed, this focus on consumer protection is a key deliverable of the Ontario Government. Of course, it is also a requirement that a consumer protection framework be fiscally prudent and delivered in a manner that is supportive of current and emerging business models. TICO is committed to all these goals, and in evolving

its own business model to meet both current demands and emerging future challenges. This Business Plan is a fiscally prudent model that delivers a balanced budget through a combination of productivity enhancements, investments in people, process and systems with minimal increases in fees, and other industry burdens, over the next three years. Our Business Plan is best illustrated in the model shown below.

Each strategy below provides a summary of four over-arching strategic priorities over the next three years. Within each priority, a number of specific initiatives have been identified. Year 1 strategic initiatives are the basis for TICO's annual Budget which is approved separately by TICO's Board of Directors. Years 2 and 3 reflect initiatives where the bulk of the investment and effort is concentrated, but which also may commence during the first year of this plan through pilot(s), planning document(s) and/or other exploratory activity. With some initiatives, the business risk may already be present and activity underway, but may also be subject to increasing threats, emerging new delivery models, technology changes or alternative solutions which are captured beyond the initial year of this business plan.

TICO's Strategic Planning Model



Strategic Priorities for 2017/2018

Strategy 1:

Consumer Protection:

Goal: To regulate and enforce the legislation by which the Ontario travelling public can be confident in their travel purchases from registered professionals, including working collaboratively with stakeholders for regulatory enhancement.

The core of TICO’s existence is to administer and enforce the consumer protection legislation that regulates the sale of travel services in the Province of Ontario. TICO does this by supporting its vision and values, which includes being fair, but firm in its conduct with registrants and consumers as Ontario’s Travel Regulator. TICO will continue to work collaboratively with the Ontario Government to support legislative change to meet the challenges of providing effective consumer protection in a rapidly changing marketplace.

TICO will also continue to develop and improve its processes and procedures around enforcement of the legislation, which includes financial inspections and compliance activities to ensure it protects the interests of the travelling public. This includes having effective mechanisms in place for registrants, individuals or companies that choose to contravene the consumer protection laws in Ontario. An effective fee framework and policy can also serve as a means to drive compliance. This is vital to ensure a level playing field in the industry as well as maintaining and building consumer confidence.

TICO’s strategic priorities in this area will include:

	Initiative	Description	Target
FY 2017/18	Advocate and advance legislative and regulatory reform.	In collaboration with the Ministry and in consultation with stakeholders identify and address the opportunities for modernization in the <i>TIA, 2002</i> and the Regulation for the purpose of modernizing the consumer protection legislation.	Provide submissions to the Ministry with recommendations to update and modernize the legislation taking into consideration changes to business models and stakeholder feedback.
	Develop an action plan for effective implementation and enforcement of any potential legislative and regulatory changes.	Assess the implications of any potential legislative and regulatory changes and develop an action plan with operational priorities, funding requirements and service commitments to ensure TICO effectively administers and enforces the consumer protection legislation in Ontario.	Produce and execute an action plan document identifying and prioritizing all operational priorities to ensure successful implementation and effectiveness of TICO as a Regulator.
	Initiative	Description	Target
FY 2018/19 – 2019/20	Execute action plan for effective implementation and enforcement of any potential legislative and regulatory changes.	Continue to work on action plan to implement all operational priorities identified to ensure TICO effectively administers and enforces the consumer protection legislation in Ontario.	Completion and implementation of any potential legislative changes as a result of the Ontario Government’s 2016-2017 comprehensive review Ontario <i>TIA, 2002</i> and the Regulation.
	Explore the creation of national standards in the travel industry.	Prepare feasibility study (“White Paper”) for the creation of a national standards program for consumer protection in the travel industry.	Prepare and issue a white paper reflecting consultation with key stakeholders, including the federal government.

Strategy 2:

Awareness & Education:

Goal: Consumers and registrants are aware of TICO and understand the benefits of purchasing travel services through a registered travel agency or travel wholesaler.

Consumers who purchase travel services in Ontario should be aware that the travel industry in Ontario is regulated and that there is consumer protection in place to protect their travel purchases. Each year, TICO strives to increase consumer awareness to ensure that more and more consumers are aware of the existence of TICO and the benefits of purchasing their travel services whether in person or online from registered Ontario travel agencies. The initiatives below support TICO's Mission Statement "To regulate consumer protection by promoting awareness, education and compliance as part of the efficient and effective regulation of Ontario's travel industry." TICO achieves this initiative by planning and executing a comprehensive consumer awareness campaign strategy that involves various forms of communications including traditional forms of media (radio and television), social media, speaking engagements as well as attending consumer trade shows to speak with consumers and distribute informational materials.

TICO also administers and enforces a legislated Education Standards Program which requires every travel agent selling travel services on behalf of a registered Ontario travel agency to be knowledgeable of legislated requirements that regulate the sale of travel services in Ontario. It is imperative that the knowledge and professionalism of Ontario travel agents continues to be enhanced with ongoing education to support compliance and improved consumer protection. This initiative also includes activities to promote registrant engagement in TICO's consumer awareness campaign as well as fostering relationships not only to achieve a better understanding but also to understand the challenges faced in the marketplace. Together, TICO along with its stakeholders can build a stronger industry where consumer confidence and protection is recognized as being paramount.

TICO's strategic priorities in this area will include:

	Initiative	Description	Target
FY 2017/18	Continue to build and enhance consumer awareness in Ontario.	Continue to build and enhance a series of comprehensive activities aimed at increasing consumer awareness of TICO's role and the consumer protection in Ontario.	Improve overall awareness and understanding by executing a marketing and communications strategy that includes traditional, social and digital media as well as other alternative distribution channels.
	Establish a communications strategy and plan for any potential legislative and regulatory changes.	Develop and implement a communications plan and corresponding informational resources and tools to educate and inform all stakeholders regarding any potential legislative and regulatory changes to the consumer protection legislation in Ontario.	Completion and implementation of a communications strategy to promote education and awareness of all stakeholders about any potential enhancements to of the Ontario <i>TIA, 2002</i> and the Regulation.
	Produce and implement updated Education Standards curriculum and exams.	Identify areas and opportunities to enhance the current Education Standards Programme including an update to the current curriculum and exam bank of questions with recent regulatory changes and content reflecting various new business models and methods of selling travel services that have emerged in the industry.	Complete an updated Education Standards study manual and exams and introduce enhancements to the overall curriculum and programme.
	Drive registrant engagement and improve TICO's value proposition to registrants.	Through continuous and meaningful engagement and communications with registrants, identify key drivers of TICO's value proposition and initiatives to improve.	Conduct a registrant value survey to obtain feedback on TICO services and develop an action plan to improve TICO's value proposition.
	Initiative	Description	Target
FY2018/19 – 2019/20	Continue to build on initiatives to increase consumer awareness.	Continue to seek and incorporate new and inventive ways into TICO's consumer awareness campaign strategy to boost consumer awareness of TICO's role and the consumer protection available in Ontario.	Increase the overall awareness and understanding over the prior year by executing the strategic initiatives set for TICO's consumer awareness campaign.
	Build and enhance current education standards platform.	Introduce and roll out a new Education Standards platform to enhance the administration of the programme as well as the end user experience.	Successfully introduce and implement an enhanced Education Standards platform.
	Implement action plan to improve TICO's value proposition to registrants.	Execute and accomplish the initiatives set out in the action plan developed to improve TICO's overall value proposition with registrants.	Complete initiatives in action plan to allow a follow-up registrant value survey to be conducted to measure the overall success in increasing TICO's value proposition.

Strategy 3:

Organizational Effectiveness:

Goal: TICO embraces a spirit of continuous improvement and innovation in the systems and processes in executing its mandate and in the ongoing investment and professional development of its people.

At the heart of TICO and its operations is a dedicated group of individuals that are committed to providing service excellence by taking pride in their work to efficiently meet the needs of TICO's stakeholders. Through a strategic approach to further develop employee engagement, team building as well as professional development, TICO will continue to foster a workplace environment that is motivational and productive to support its operational effectiveness and support a sustainable workforce. Change is inevitable in today's environment, and therefore, TICO will continue to embrace change management as part of its evolving culture. TICO's strategic priorities will include initiatives that will improve TICO's internal operating systems and processes to optimize the organization's efficiency and effectiveness as well as its quality of services. With the evolving needs and expectations of stakeholders, TICO will invest in technology to meet the increasing demands to deliver its services in a more effective and innovative manner.

TICO's strategic priorities in this area will include:

	Initiative	Description	Target
FY 2017/18	Continue implementation of IT systems and infrastructure strategy.	Commence Phase II of IT systems and infrastructure strategy to build new online system capability to streamline and automate TICO's registration and renewal processes.	Successful development and testing of new registration and renewal processes and development of action plan for soft launch to stakeholders.
	Enhance and develop data and analytics through business processes and reporting.	Review of departmental functional analysis and review of the reporting to provide registrant information faster and reduce processing time.	Modify existing reports and create new dashboards that will give analytical data. Initiate a data cleansing project to ensure accuracy and relevancy of the data.
	Development of enhanced collaboration tools to establish efficiencies in providing access to data.	Develop collaboration tools to facilitate better communications with all TICO stakeholders.	Introduce and implement collaboration tools that will facilitate and provide various tools to improve communications and productivity between stakeholders.
	Update and modernize crisis management protocols to control and effectively respond to a crisis or potential crisis situation.	Assess TICO's vulnerabilities to priority risks and develop crisis management protocols and communications to ensure TICO's responses demonstrate its effectiveness as Ontario's Travel Regulator in times of crisis.	Develop, test and implement a crisis management plan including operational and communication protocols to ensure timely and effective response in the event of a crisis.
	Update TICO's Governance Best Practices.	Develop a prioritized action plan for governance improvements to support effective Board of Directors operations and processes.	Adopt and introduce governance best practices to ensure and support the efficiency and effectiveness of a high performing Board of Directors.
	Initiative	Description	Target
FY 2018/19 – 2019/20	Continue Implementation of IT Systems and Infrastructure Strategy.	Commence Phase III of IT Systems and Infrastructure Strategy to build new online system capability to streamline and automate TICO's Registration and renewal processes.	Successful development, testing and implementation of compliance processes to provide operational efficiencies.
	Continue to Enhance and Develop Data and Analytics through business processes and reporting.	Continue review of departmental functional analysis and review of reporting to provide TICO's Registrant information faster and reduce processing time.	Create new and enhance existing reports and dashboards that will give analytical data.
	Continue to Drive Employee Engagement	Continue to expedite solutions aimed at eliminating barriers to strong employee engagement.	Continue a team based approach for engaging employees around select employee attributes and carry out recommendations.
	Develop and Plan for a Future Desired State for TICO 2020.	Continued development of the future desired state which is committed to a longer term vision for all stakeholders: Consumers, Registrants, Ontario Government and Employees.	Continued development and implementation of action plan underway for future "Desired State."

Strategy 4:

Corporate Social Responsibility:

TICO is committed to achieving its Vision/Mandate and is confident with the strategic priorities described in its Business Plan. Complementing these strategies is a new, innovative focus on corporate social responsibility (CSR). Within TICO's environment, CSR is viewed as the organization's broader involvement in the communities it aims to protect. As a small organization, TICO must consider innovative methods, leverage partnerships and build sustainable relationships to make a footprint in these communities. While CSR has been around for many years, it has not been woven into the strategic plans of many non-for-profit organizations. TICO believes that its mandate of consumer protection will be facilitated through an effective CSR strategy, deploying the talents and passions of all TICO employees, and over time leveraging like-minded stakeholders.

TICO's strategic priorities in this area will include:

	Initiative	Description	Target
FY 2017/18	Incorporate CSR into TICO operations and initiatives.	Continue to examine how CSR can be integrated into stakeholder outreach initiatives and core processes, including the introduction of Environmental, Social and Governance (ESG) responsible investing.	Introduce and incorporate the inclusion of stakeholders in CSR initiatives and develop a policy with responsible criteria around introducing ESG investments to investment portfolio.
	Engage and build a relationship with a long term CSR partner.	Continue to engage and enhance relationship with CSR partners with the aim to establishing a rewarding long term relationship that continues to support and compliment overall CSR strategy.	Engage to support an enduring relationship with long term CSR partners.
	Through promotion and awareness promote stakeholder engagement and participation in broader CSR initiatives and activities.	Develop and design an innovative strategic plan to promote the awareness and participation of stakeholders in CSR initiatives and activities.	Development of CSR awareness and engagement plan completed.
	Initiative	Description	Target
FY 2018/19 – 2019/20	Enhance CSR Reporting of activities and good business practice.	Produce an annual CSR Report to stakeholders which includes activities, accomplishments and outcomes each year.	TICO CSR Report completed and included in TICO's Annual Report and Business Plan and available on TICO's website.

NEW BALANCED SCORECARD FOR FISCAL YEAR 2017-2018

Commencing in fiscal 2017-2018, TICO will adopt this new Balanced Scorecard to monitor and gauge ongoing efforts and achievements of its organizational effectiveness. This Balanced Scorecard will be included in the 2018 Business Plan and will include the performance measure results achieved during the prior year to ensure transparency and accountability consistent with the Business Plan.

Objective	Performance Measure	FY 2017/2018 TARGET
AWARENESS AND EDUCATION		
Increase Consumer Awareness and Education	Annual omnibus survey of Ontarians which measures TICO's consumer education and awareness initiatives.	Achieve equal to or greater than the current score of 33% of consumers in Ontario aware of TICO.
		Achieve equal to or greater than the current score of 36% of consumers in the GTA aware of TICO.
		Achieve equal to or greater than the current score of 81% of consumers who can identify at least one of TICO's roles.
Enhance Consumer Protection in Ontario	Overall pass rate of financial statement bench reviews based on established financial criteria per the Regulation.	Establish baseline pass rate in 2017-2018.
	Number of high risk unregistered travel sellers operating and selling travel services to consumers in Ontario in contravention of the <i>Travel Industry Act, 2002</i> .	Increased compliance, monitoring and resolution of unregistered sellers, equal to or greater than prior year's 120.
ORGANIZATIONAL EFFECTIVENESS		
Enhance TICO Value Proposition to Registrants	Value survey to score TICO's value proposition to registrants, and to identify key drivers for continuous improvement.	Establish baseline value score in 2017-2018.
Enhanced Employee Engagement	Annual employee engagement survey score.	Achieve above average score in the range of 77 to 85 demonstrating strong employee engagement.
Enhance Organizational and Professional Development	Overall percentage of employee professional development plans completed during the fiscal year.	Achieve 75% completion of all employee professional development plans.
FINANCIAL PERFORMANCE		
Deliver Budget	FY 2017/2018 Net Surplus/(Deficit) before claims.	Achieve equal to or greater than budgeted Net Surplus/(Deficit) after adjusting for the exclusion of the Provision for Gross Claims against the Compensation Fund.
Compensation Fund Claims Ratio	% Provision of Registrant Claims to Operating Revenue	Achieve equal to or less than the percentage of Provision of Gross Registrant Claims relative to Operating Revenues of 16% based on a rolling 5 year average.
Drive Operational Efficiencies	Efficiency Ratio Percentage.	Achieve an Operating Efficiency Ratio, defined as operating expenses relative to operating revenues, of less than 100%.

TICO 2020 (“Desired State”)

Beyond this multi-year Business Plan, TICO is committed to a longer term vision consistent with its Mandate/Vision. Working in collaboration with its stakeholders, TICO’s desired state is embodied via the model below where the consumer is the “center-focus” of all influencers.

For Ontario travellers (“consumers”), TICO envisions a marketplace that achieves:

- a regulatory framework where all travel purchases are protected;
- a regulatory framework that enables and supports an efficient travel marketplace;
- a regulatory framework that is easily understood, visible but unobtrusive; and,
- a healthy and growing travel industry providing the consumer an abundance of choice.

For TICO Registrants and the Ontario government, TICO envisions a marketplace that demonstrates:

- a healthy and growing travel industry for registrants regardless of size and geography;
- a collaborative based relationship with industry that is a model to other jurisdictions;

- a value proposition which is recognized and valued by both the consumer and registrants; and,
- a regulatory framework that is both efficient and effective.

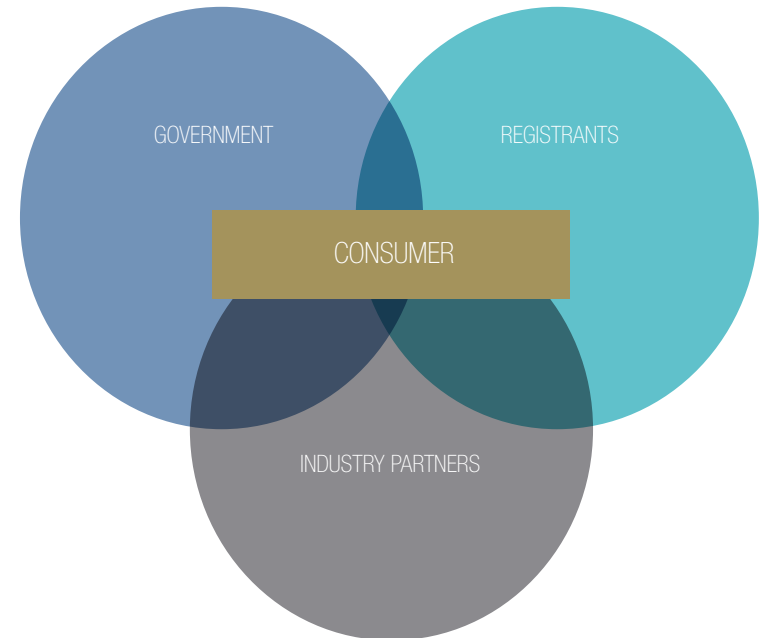
For TICO employees, we envision a marketplace whereby:

- a healthy and growing travel industry with regulations, good business practices and ethics all aligned;
- a modernized work environment, processes and procedures contribute to consumer protection and employee engagement;
- employees can grow professionally and achieve their aspirations;
- TICO is viewed as a recognized authority in consumer travel protection, as evidenced through support for a national program



TRAVEL INDUSTRY COUNCIL OF ONTARIO represented by it’s employees

Travel Industry Act & Regulation



		FY 2017/18 Budget	FY 2018/19 Projection	FY 2019/20 Projection	3 Yr Total Projection
REVENUE					
Form 1 Assessments	Note 1				
Renewals	Note 2	3,409	3,731	3,657	10,797
New Registrants	Note 3	1,075	1,054	1,053	3,182
Education Standards	Note 3	297	291	297	884
	Note 3	<u>200</u>	<u>200</u>	<u>204</u>	<u>604</u>
Total Revenue		<u>4,981</u>	<u>5,276</u>	<u>5,210</u>	<u>15,467</u>
	% Change	16%	6%	-1%	
OPERATING EXPENSES					
Salaries and Benefits	Note 4	2,074	2,266	2,311	6,651
Administration	Note 4	1,464	1,414	1,300	4,178
Consumer & Registrant Awareness	Note 5	735	835	885	2,454
Inspection and Compliance	Note 4	632	685	699	2,016
Total Operating Expense		<u>4,905</u>	<u>5,199</u>	<u>5,194</u>	<u>15,299</u>
	% Change	3%	6%	0%	
OPERATING RESULTS					
		76	76	16	168
	% Revenue	2%	1%	0.3%	1%
Compensation Fund Claims, net of recoveries		(550)	(550)	(550)	(1,650)
Investment Income		450	500	550	1,500
NET SURPLUS / (DEFICIT)		<u>(24)</u>	<u>26</u>	<u>16</u>	<u>18</u>
Net Assets - Beginning of Period		22,165	22,140	22,167	
Net Assets - End of Period		<u>22,140</u>	<u>22,167</u>	<u>22,183</u>	
Consisting of:					
Compensation Fund		20,530	20,554	20,571	
TICO Asset		1,420	1,429	1,434	
Capital Assets		<u>191</u>	<u>184</u>	<u>178</u>	
Total		<u>22,140</u>	<u>22,167</u>	<u>22,183</u>	
Employees (Full Time Equivalents)	Period End	28.6	28.6	28.6	

TICO Revenue and Expense Forecast (FY 2017-2018 to FY 2019-2020)

Notes:

- Assumes no change to current legislation as of March 31, 2017
- Effective April 1, 2017 the Compensation Fund rate is projected to increase to \$0.25 per \$1000 of retail and wholesales sales.
- Registration, Renewal and Education fees remain at current rates. No further fee changes projected.
- Salaries & Benefits assume normal market increases and the addition of three new staff (previously approved) FY 2016/2017 related to strategic initiatives.
- Consumer Awareness Campaign (FY 2017/2018) held equal to prior year pending comprehensive review of legislation.

Appendix II

TICO BOARD OF DIRECTORS 2016-2017 *(as of March 31, 2017)*

Industry Representatives

Ray DeNure
CEO
DeNure Tours
Lindsay, ON

Rick Edwards, CPA, CGA
Controller
Travel Corporation Canada
Toronto, ON

Mike Foster
President
Nexion Canada
London, ON

Louise Gardiner
Senior Director, Associate Program Canada
Carlson Wagonlit Travel
Toronto, ON

Denise Heffron
Vice President, National Sales & Commercial
Transat Tours Canada Inc.
Toronto, ON

Paul Samuel, CTM
Manager Overseas Travel Division
Vision 2000 Travel Group
Toronto, ON

Tisha Saunders
President
Marlin Travel
Orangeville, ON

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

Richard Vanderlubbe
President
Travel Superstore Inc.
Hamilton, ON

Brett Walker
General Manager, Canada
Collette Vacations
Mississauga, ON

Ministerial Appointments

Jean Hébert - Chair
Consultant
Ottawa, ON

Ian McMillan
Executive Director
Tourism Sault Ste. Marie
Sault Ste. Marie, ON

Lorraine Nowina
Toronto, ON



Board of Directors:

From Left to right: Denise Heffron, Mike Foster, Scott Stewart, Ian McMillan, Paul Samuel, Patricia Jensen: (Retired Dec 31, 2016), Jean Hébert, Lorraine Nowina, Richard Smart, Brett Walker, Louise Gardiner, Ray DeNure, Tisha Saunders, Richard Vanderlubbe, Richard Edwards

BOARD OF DIRECTOR BIOGRAPHIES

Ray DeNure

Ray is the owner of the Ontario based tour operator, DeNure Tours. He obtained a professional accounting designation with Touche Ross & Co prior to joining the family business in 1985. Ray has board experience with not-for-profit organizations in his hometown of Lindsay, Ontario and has been a long time board member of the Ontario Motor Coach Association where he currently serves as Chair. Ray was a TICO Board member from 2001 to 2003 and now holds the OMCA Seat on the TICO Board. During the 2017 fiscal year he served as the Chair of Audit & Risk Management Committee and is a member of the Legislative & Regulatory Modernization Committee and Compensation Fund Committees.

Rick Edwards, CPA, CGA

Richard is the Controller for The Travel Corporation (Canada) (TTC). He has more than 30 years of progressive accounting experience. Prior to joining TTC, Richard held various roles including 8 years with Pogue & Company as an auditor. He has 17 years of travel industry experience, spending the last nine years with TTC where he is responsible for financial reporting, audit, budgeting, payroll, general accounting and insurance. Richard is a graduate of Seneca College with an Accounting and Finance Diploma. Richard is Chartered Professional Accountant, having earned his Certified General Accountant designation in 2002. Since 2010 he has been Treasurer for Canadian Association of Tour Operators (CATO) and was appointed to the Board of Directors in 2015 as a representative of CATO currently serving on Audit & Risk Management and Compensation Fund Committees.

Mike Foster

Mike Foster is President of Nexion Canada, ULC with headquarters in London, Ontario. Part of the Travel Leaders Group and serving Independent Contractor home-based and store-front agents across Canada, Nexion Canada opened in 2013.

Mike opened his first agency in 1982 and has over the years added a number of agencies through acquisition, building one the area's largest travel agency companies with as many as 5 agencies serving leisure, corporate, group, and incentive travel, as well as Independent Contractor agents. He has served a variety of roles in both ACTA Ontario and TICO for the past several years. Mike has also been a member of the College Advisory Committee for the Tourism and Hospitality Division of Fanshawe College in London, as well as a board member and fund-raiser for a number of charitable organizations in London, including the Sunshine Foundation, Junior Achievement, the Small Business Centre, and the London Health Sciences Centre.

Mike has also been involved in the submissions of proposed changes by both ACTA and TICO, and is focused on bringing real, substantial, and positive change to the travel industry.

Louise Gardiner, CTM

As Senior Director, Associate Program Canada, Louise Gardiner is responsible for setting and implementing Carlson Wagonlit Travel's leisure strategy for the Associate Franchise Program in Canada. She is responsible for the overall leisure operational execution of 110 leisure travel locations which represent over \$1B in sales within Canada. Louise works closely with CWT's Loyalty, Marketing and Leisure Supplier management teams to assist in developing existing and new associations with strategic loyalty and supplier partners. She sits on the Canadian Executive Team and has executive ownership of the CWT Canada Associate Program Leisure Operations Division.

Louise brings 35 years of experience in the leisure travel industry and has a proven track record in running successful operations and building strong teams. Since joining CWT Canada in 2004, Gardiner managed branch fulfillment for both the leisure and mid-market corporate segments. She also oversaw the Company Owned Canada Leisure Division, Associate Franchise Network, and the North American Product Solutions Technology Team. She was instrumental in ensuring all branches delivered a consistent service and product offering across Canada for all CWT's preferred membership customers.

Louise currently sits on the ACTA Canada National Board, the ACTA Ontario Council and is a TICO Board member as well as Chair of the TICO Business Strategy Committee.

Jean Hébert

Jean Hébert has lived in Ottawa, Ontario since 1997. He was born in Québec where he obtained his bachelor degree in political sciences with Honors in public administration from Laval University. Jean Hébert has been in consulting services since 2006 in strategic planning, in project/program/policy development and management, and in strategic communication. As a consultant, he has worked extensively in the education sector, with francophone communities in minority situation across the country, in organizational performance, in community organization. He has worked for more than 25 years with various provincial and federal departments at the senior management levels either as consultant, senior advisor and ministers' chief of staff, and for a national crown corporation as special advisor to the Board Chair and a director in the business development area. He also worked in economic development areas as industrial commissioner, including in the tourism industry. He is involved and still volunteering in his community in social and economic development areas. He is a member of the Judicial Appointments Advisory Committee under the Ontario Ministry of the Attorney General. Mr. Hébert joined the TICO Board in 2011 as a ministerial appointee and serves a few of TICO's committees such as the Audit & Risk Management, Governance and Human Resources and Legislative and Regulatory Modernization Committees. He now serves as Chair of the TICO Board of Directors.

Denise Heffron

2017, marks Denise Heffron's 24th year at Transat, Canada's largest integrated travel company. A member of the executive committee, Denise holds the position of Vice-President Commercial and National Sales. She graduated from the University of Western Ontario with a Bachelor of Arts degree and began her career in the travel industry shortly thereafter. Throughout her career she has held senior level, general management, marketing and sales roles. Denise is an active participant in the industry at large and serves on the TICO Board and as a representative of the Canadian Association of Tour Operators. She has been a member of the CATO executive for 13 years and brings with her a thorough knowledge of the commercial activities of outbound tour operation and retail distribution in Canada. In addition, Denise is a member of the TICO Legislative and Regulatory Modernization Committee and the Governance and Human Resources Committee.

Ian McMillan

Ian McMillan has been the Executive Director of Tourism Sault Ste. Marie since 2001, working with industry partners to develop tourism products, and promote the city as a tourist destination. Prior to that, he was Executive Director of the regional Algoma Country tourism office, before moving to the Northern Tourism Marketing Corporation as Brand Manager. He is a graduate of the Humber College Public Relations Program, and holds a Certified Travel Industry Specialist designation from the tourism industry. Ian has served as President of Attractions Ontario, Chaired Cruise Ontario as part of the Great Lakes Cruise Coalition, and currently serves as the Treasurer on the Tourism Industry Association of Ontario Board, as well as on the Northern and RTO Committees of the Ontario Tourism Marketing Partnership. Additionally he sits on the Sault College Hospitality Advisory Committee and has taught courses at Algoma University. Ian joined the TICO Board in 2015 and also sits on the Legislative and Regulatory Review Committee and the Business Strategy Committee.

Lorraine Nowina

Lorraine Nowina has been involved in the not for profit sector throughout her career. As Chair of the 11th largest school board in Canada, she worked with federal and provincial governments to provide immigrant, mental health and infrastructure supports for children and families and supported a number of community not for profit organizations as a volunteer board member. Following an appointment as a member of the Veterans Review and Appeal Board adjudicating disability claims for Canadian Armed Service personnel, Veterans and RCMP officers, Lorraine returned to the education sector as CEO/Executive Director for the Toronto District School Board's charitable foundation, the Toronto Foundation for Student Success. Volunteering her experience in fundraising and management to NGO's here and in Africa after her retirement, Lorraine accepted a ministerial appointment to TICO in 2014. She currently serves as Chair on the Governance and Human Resources and the Legislative and Regulatory Modernization Committees. Lorraine is also the interim Chair of TICO's Compensation Fund Committee.

Paul Samuel, CTM

Paul Samuel is manager of the Overseas Travel Division at Vision Travel Solutions in Toronto. Paul has more than 30 years of experience in the travel industry. From junior counselor, independent advisor, 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 the industry and feels that all segments of the trade should strongly promote their professionalism and experience. This is why Paul supports the mission of TICO to maintain an equitable and informed marketplace for travel in Ontario. Elected to the Board of Directors for TICO in 2011 representing retail agencies, Paul serves on the Business Strategy and Education Standards committees. Paul also serves on the the board of directors for Citizens for Affordable Housing (York Region) and the Tourism Advisory Committee at Seneca College. Paul graduated from York University with a Bachelor of Arts degree in Political Science and then completed an Honours Bachelor of Commerce degree from the University of Windsor. Paul has a graduate certificate in Public Relations at Ryerson University and holds the Certified Travel Manager designation from the Association of Canadian Travel Agencies (ACTA).

Patricia (Tisha) Saunders

Tisha Saunders is the Owner of a Marlin Travel franchise (affiliation with Transat Distribution Canada) in Orangeville, Ontario celebrating 20 years in business. Elected to the Board of Directors for TICO in 2015. She serves on the Governance and Human Resources, Compensation Fund and Education Committees. Tisha holds a Business Administration Degree and Travel & Tourism Diploma. She has over 30 years' experience in all aspects of the travel industry. She has worked with organizations (Transat Distribution Canada-Franchise Advisory Committee) and various community committees. Tisha also serves as a Board member on the Dufferin Board of Trade (formerly Greater Dufferin Chamber of Commerce).

Scott Stewart

Scott Stewart is co-owner and President of G. Stewart Travel Services Ltd. with seven full service retail Carlson Wagonlit Travel offices throughout Ontario, head office located in Peterborough. Their family owned and operated agencies, since 1974, hold both retail and wholesale licenses. For over 30 years Scott has been very involved in the travel industry and is currently serving TICO as a board member. He sits actively on several boards and enjoys contributing to the travel and not for profit sectors. He currently serves as Vice Chair of TICO's Board of Directors and participates on the Executive, Audit and Risk Management and Legislative & Regulatory Modernization Committees for TICO.

Richard Vanderlubbe

Richard Vanderlubbe is the President and co-founder of tripcentral.ca, a hybrid travel agency with 27 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. He currently serves as Chair of TICO's Legislative & Regulatory Modernization Committee and also serves on TICO's Executive, Business Strategy and Audit & Risk Management Committees.

Brett Walker

Brett began his career in travel with Collette in 1989. He held successive positions as District Sales Manager, Regional Sales Manager, Operations Manager and finally in his current role as General Manager. In this role, Brett is part of a leadership team that is responsible for the strategy and execution of all facets of the company's operation here in Canada. The work that TICO does is important to Brett and he has been a longstanding member of the Board. First elected as a member at large for the maximum term of 9 years Brett rejoined the Board in 2013 as an appointed member by CATO. Brett serves on the Business Strategy, Governance and Human Resources and the Legislative and Regulatory Review Committees. Brett attained a BA from Bishop's University, MBA from University of Guelph, Strategic Management from Queen's and is currently finishing his Master of Laws at the University of Toronto.

Appendix III

TICO Staff (as of March 31, 2017)

President & Chief Executive Officer

Richard Smart, CPA, CA

Vice President, Operations

Dorian Werda

Legal Counsel & Corporate Secretary

Tracey McKiernan, LL.B.

Legal Counsel & Director, Litigation

Soussanna Karas, LL.B., LL.M.

Director, Financial Compliance

Sanja Skrbic, CPA, CA

Director, Information Technology

Antoine (Tony) Aramouni

Registration Co-ordinator

Cora Reyes

Registration Officer

Jana Arthur
Paula Oliveira

Claims Co-ordinator / TICO Exam Co-ordinator

Lori Furlan

Financial Inspector, Designated by the Registrar

Maria Descours, CPA, CMA
Luke Lenardon, CPA, CA
Vera Nedbal, CPA, CGA

Financial Compliance Administrator

Annie Tse

Complaints Officer

Sylvia Manuge
Cheryl Slocombe

Compliance Officer

Anabel Andre
Eric Neira
Tina Shewchuk

Investigator/Provincial Offences Officer

John (Scott) Hogarth

Legal Counsel

Jennifer Shin, LL.B.

Accountant

Navpreet Ghai

Executive Assistant / TICO Exam Co-ordinator

Heather Wilkins

Reception / Administrative Assistant

Susan Janko

Auditors

BDO Canada LLP
1 City Centre Drive, Suite 1700
Mississauga, ON L2B 1M2

Statutory Appointments

Richard Smart

Statutory Registrar,
Travel Industry Act, 2002

Michael Pepper

Statutory Director,
Travel Industry Act, 2002

Patricia Jensen

Deputy Director,
Travel Industry Act, 2002

BIOGRAPHY OF RICHARD SMART, CPA, CA

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

Richard Smart serves as President and CEO of the Travel Industry Council of Ontario (TICO), having been appointed in December 2014. Effective January 1, 2015, Richard also assumed the role of TICO Registrar for the province. He is responsible for executing TICO's strategic plans and objectives as approved by the Board of Directors, and is an ex-officio member of the Board.

Prior to his appointment, Richard was the Chief Financial Officer (CFO) of the Technical Standards and Safety Authority (TSSA) from 2009-2014. As CFO, Richard was responsible for all aspects of Finance, Audit (including Internal Audit), Risk Management, Insurance, Procurement and for a period of time Information Technology. While at TSSA, Richard gained invaluable experience in a senior leadership role interacting with the Board of Directors and Ministry of Government and Consumer Services. Richard learned and contributed to TSSA's oversight over the province's safety system for a number of important industry sectors.

Richard's private sector experience includes Chief Financial Officer roles in transportation, including AMJ Campbell Van Lines and Air Canada Vacations. The latter role provided Richard with excellent experience, specifically in the travel industry, during a challenging time of Air Canada restructuring. In addition, Richard was actively involved with the Canadian Association of Tour Operators (CATO), a founding member of TICO. Richard has also served in senior Finance roles at the Royal Bank Financial Group and Nortel, including experience in Mergers & Acquisitions, Risk Management, Controllerships and various trade associations.

Richard is Certified Professional Accountant, having earned his Chartered Accountant designation with PricewaterhouseCoopers in 1985.

BIOGRAPHY OF DORIAN WERDA

Vice President, Operations

Dorian Werda serves as the Vice President, Operations for the Travel Industry Council of Ontario (TICO). After graduating from Humber College in 1986 with a diploma in Travel and Tourism, Dorian started her career in travel at Wardair Canada assisting customers on the Help Desk in the Customer Accounting Department, where she investigated and responded to travel agent and passenger accounting queries and liaised with Wardair's Customer Relations Department. Following Canadian Airlines' takeover of Wardair, Dorian took on a new position in 1990 as Claims Supervisor for the temporary claims centre that was set up by the Ontario government after the failure of Thomson Vacations—which ultimately resulted in the largest payment of claims against Ontario's Travel Industry Compensation Fund. After supervising the temporary claims centre, Dorian continued her role as Claims Co-ordinator for the Ontario Travel Industry Compensation Fund Corporation.

In June of 1997, the Ontario Government delegated the responsibility of administering Ontario's Travel Industry Act, including the Ontario Travel Compensation Fund to TICO. Dorian was promoted to Manager, Administration & Claims, overseeing TICO's Claims and Consumer Complaints Departments, which includes oversight and logistics to ensure the successful immediate departure and repatriation of consumers impacted by large registrant failures. In 2012, she became Director, Customer Service and Stakeholder Relations and in 2014, she was promoted to the position of Vice President, Operations, responsible for managing TICO's Claims, Complaints, Compliance and Investigations Departments.

BIOGRAPHY OF TRACEY MCKIERNAN, LL.B.

Legal Counsel & Corporate Secretary

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.





Travel Industry Council of Ontario

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