

2009 Annual Report

Message From The Chair

July 1, 2009

Honourable Ted McMeekin
Minister of Consumer Services
6th Floor, Mowat Block
900 Bay Street
Toronto ON M7A 1L2

Dear Minister McMeekin:

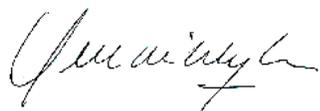
First, on behalf of the Board of Directors, may I congratulate you on your new appointment as Minister of Consumer Services, all of us at TICO look forward to working with you.

I am pleased to submit the twelfth Annual Report of the Travel Industry Council of Ontario (TICO), which covers the period April 1, 2008 to March 31, 2009. This report also incorporates the activities of the Ontario Travel Industry Compensation Fund, for which TICO assumed responsibility in June 1998. This report focuses on the outcomes and achievements made in relation to the objectives that were set in TICO's 2008 Business Plan. Those goals and objectives were prioritized into three horizons. The first horizon covered a 3 year period, the second horizon a five year period and the third horizon a ten year period. Several of the objectives in the first horizon have been achieved in the last fiscal year. Other objectives are works in progress, which will continue into future years.

Overall, during the past year, TICO's performance has met its mandate. TICO's Consumer Awareness Campaign and its Education Standards Program has been our main focus over the past year. It is believed that the Consumer Awareness Campaign and the improvements to TICO's website have benefited consumers as well as the industry. Further, it is anticipated that the Education Standards, which came into effect on July 1, 2009 will increase consumer protection and instill greater confidence in the traveling public. The Executive Summary in this report discusses these as well as other initiatives in greater detail.

Yours truly,

Travel Industry Council of Ontario



Jill Wykes

Chair of the Board of Directors



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Mission

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

Vision

Enhance confidence in the travel industry by becoming:

- A leader in developing an improved system of consumer protection.
- A model for a progressive, fair and firm administrator of industry regulations.
- A developer, promoter and advocate of good business ethics and harmonized standards in the travel industry.

Values

TICO will be:

- Fair, but firm in our conduct with registrants and consumers.
- Responsive and open in communicating with consumers and registrants, while respecting the business confidentiality of our registrants.
- Visionary in our approach to improving the Industry and Industry practices, while remaining accountable to all stakeholders for the cost-effectiveness and practicality of solutions and initiatives.

Above all, TICO will be ethical in everything TICO does.



Chief Executive Officer's Report

EXECUTIVE SUMMARY

On June 25, 2009, the Travel Industry Council of Ontario (TICO) celebrated its twelfth year since receiving delegation from the Ontario Government to administer the Ontario *Travel Industry Act*. Since our last annual report, the travel industry, like most other sectors, has been significantly impacted by the world economy. In difficult economic times, it is more important than ever for the regulator to be vigilant to ensure that the rules governing the industry are being adhered to and that consumers are protected.

As a result of the lagging economy and the overcapacity in the marketplace, there has been an increase in agency closures. Fortunately, the majority of those closures did not impact consumers. However, the closure of Conquest Vacations on April 15, 2009 garnered significant media attention and highlighted the challenges faced by the industry, which retailers, wholesalers, the regulator and the government must work together to overcome.

During the last year, TICO doubled the investment in its Consumer Awareness Campaign from \$250,000 to \$500,000. The new campaign used television advertising focused on driving consumers to TICO's website. Since TICO's message is complicated, it was felt that the website was the best tool to deliver information to consumers. Steps were taken to make the website more "consumer friendly" so that consumers could more easily access the information they needed to meet their needs. TICO also consulted with and utilized advice from its Consumer Advisory Committee to improve its distribution materials and enhance their usefulness for consumers.

Another priority this year has been implementation of TICO's Education Standards program. We are happy to report that the majority of industry members have embraced the new standards and welcomed the opportunity to learn more about the requirements under the *Travel Industry Act, 2002* and Ontario Regulation 26/05. TICO estimated that approximately 10,000 people would need to meet the education standards. We have already surpassed that number as approximately 12,500 individuals have taken an exam and the pass rate has been over 90%.

In last year's Annual Report, TICO advised that the Travellers Protection Initiative (TPI), an advocacy group, lead by TICO and consisting of the Public Interest Advocacy Centre (PIAC), the Association of Canadian Travel Agencies (ACTA) and Option Consommateurs had made submissions to the federal government advocating changes that would provide for full disclosure in advertising of airline fares. TICO is unhappy to report that, despite a commitment from the Minister of Transport to consult on the issue of airline advertising, no progress has been made on the initiative.

Finally, TICO has been reviewing the business model of how travel services are sold and looking at alternate ways of financing the Compensation Fund recognizing changes in the travel sector with the global economy, the risks in the industry and potential gaps in the consumer protection model. Over the next year, TICO will take what it has learned over the years, including the experience gained in recent closures, to continue to inform discussions surrounding these issues with a goal of improving the consumer protection model for the future.

Yours truly,
Travel Industry Council of Ontario



Michael Pepper
President & C.E.O.



TICO Structure

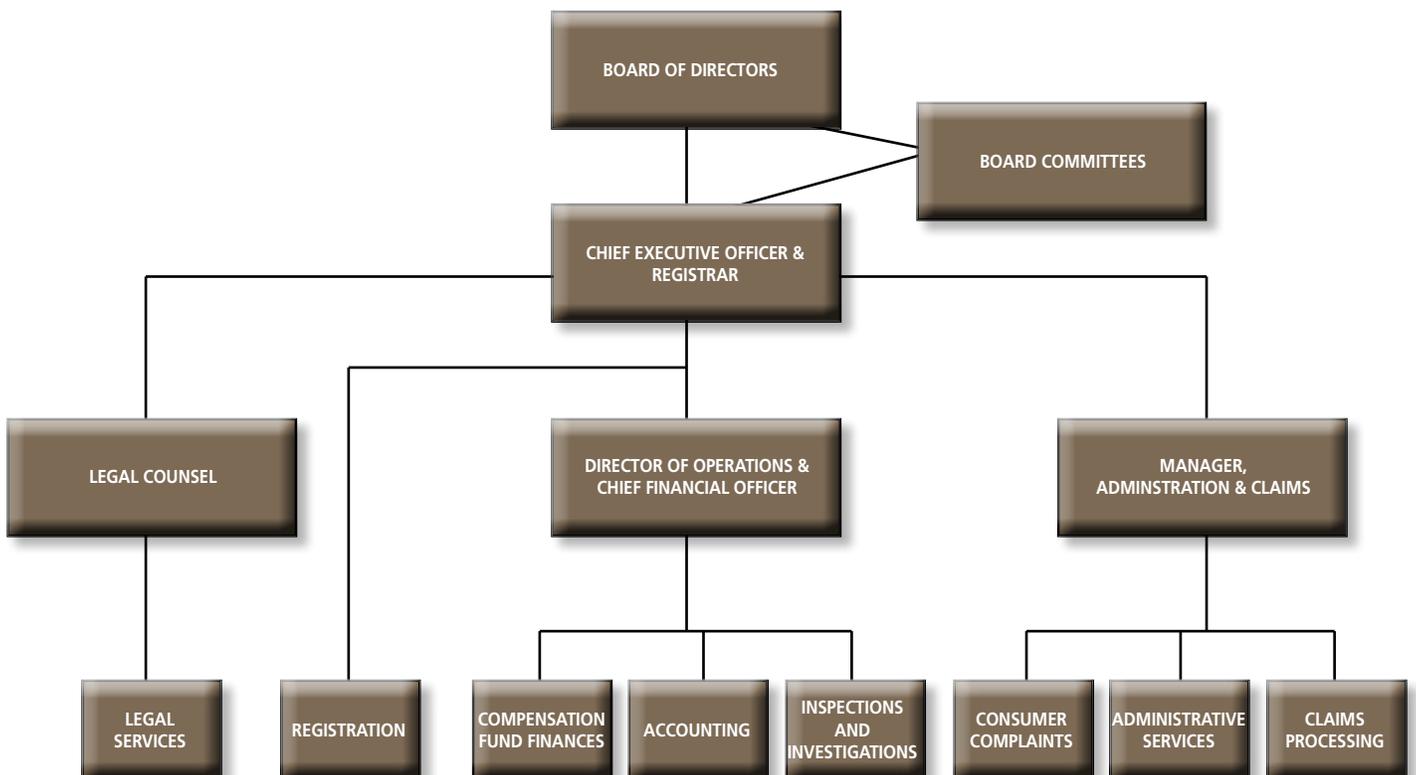
ORGANIZATION

The Travel Industry Council of Ontario (TICO) is a not-for-profit corporation financed through fees from its approximately 2,600 Ontario travel retail and wholesale registrants. The former Ministry of Consumer and Commercial Relations delegated responsibility for the administration of the now repealed Ontario *Travel Industry Act* and regulations to TICO in June 1997. The Act governs Ontario travel retailers and wholesalers and provides for the operation of a travel industry Compensation Fund.

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



The Ministry of Consumer Services continues to be responsible for the *Travel Industry Act, 2002* (the Act) and Ontario Regulation 26/05 (the Regulation).



GOVERNANCE

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

Remuneration of Board and Committee Members (Per Diems)

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

Board Meetings:

Chair	\$350
Vice-Chair	\$275
Member	\$225

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

Committee Meetings:

Committee Chair	\$225
Committee Member	\$175

Director under the TIA \$5,000/annum (where Director is not an employee)

The per diem is the amount payable for work periods in excess of three hours. If the work period is less than three hours, one-half of the established per diem is paid. Preparation time may be included in the calculation of hours. In addition, board and committee members may claim for travelling expenses such as mileage or accommodation for which set rates have been approved. In November 2008, the Board amended its Remuneration Policy to allow 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.



Travel Industry Compensation Fund

BACKGROUND ON THE ONTARIO INDUSTRY TRAVEL COMPENSATION FUND

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

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

MANAGEMENT OF THE COMPENSATION FUND

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

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

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

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

FUND FINANCING

The Compensation Fund is totally financed by Ontario registrants. The Payment Schedule requires registered travel retailers and registered travel wholesalers to pay a greater of \$25 or 5¢ per \$1,000 of sales, both on a semi-annual self assessment basis. These payments are to be filed with TICO within 90 days after the end of each fiscal half year.

SURPLUS FUNDS

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

CLAIMS

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

The Director under the *Travel Industry Act, 2002* may

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

APPEAL OF DECISIONS

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

FINANCIAL INSPECTIONS

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



TICO Committees

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

EXECUTIVE COMMITTEE

(Chair: Jill Wykes)

- Manage emergency issues on an ad hoc basis.
- Interim support for CEO between board meetings.
- Review of large registrant closures.
- Make recommendations regarding composition of board committees.
- Conduct an annual review of the TICO Employee Code of Ethics.

AUDIT COMMITTEE

(Chair: Jeff Element)

- Review internal controls operating throughout TICO.
- Review the appropriateness of accounting policies and review any proposed changes in accounting practices or policies and the resulting financial statement impact.
- Review the audited annual financial statements and make recommendations with respect to their approval to the Board.
- Confer with TICO's auditors as required to discuss their examination into the financial affairs of TICO and receive all recommendations and explanations which TICO's auditors wish to place before the Committee.
- Make recommendations to the Board with respect to the appointment and remuneration of external auditors to be appointed at each AGM.
- Periodically, review TICO's investment firms and their fees.
- Review the investment policy on an annual basis.
- Review quarterly investment reports and detailed quarterly financial statements.
- Review and provide advice with respect to the budget prior to presentation to the Board.
- Review insurance coverage annually.

BUSINESS STRATEGY COMMITTEE

(Chair: Scott Stewart)

- Produce TICO's Business Plan and monitor performance measures.
- Refer issues for legislative and regulatory review.
- Planning of TICO's Consumer Awareness Campaign.
- Review and keep current TICO's policies with respect to privacy issues.
- Develop a plan to assess TICO's operational effectiveness and report findings.
- Explore alternate sources of revenue for TICO.

COMPLAINTS COMMITTEE

(Chair: James Savary)

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

COMPENSATION FUND COMMITTEE

(Chair: Patricia Jensen)

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



E-COMMERCE COMMITTEE (Chair: Denise Heffron)

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

EDUCATION STANDARDS COMMITTEE (Chair: Mike Foster)

- Determine the curriculum for the *Travel Industry Act, 2002* Education Standards for travel counsellors and supervisor/managers and identify the type of information that should be covered in the education standards curriculum at each level.
- Oversee the development of the *Travel Industry Act, 2002* Education Standards Curricula including reviewing, testing and approval.
- Determine how the *Travel Industry Act, 2002* Education Standards should be implemented, the timeline for implementation and the costs.
- Oversee the printing and distributing of the educational courses and the development of on-line versions of the courses.

- Consider equivalency options for Education Standards.
- Develop a communications plan for the delivery of Education Standards.
- Devise a plan to enforce the standards.
- Ensure the *Travel Industry Act, 2002* Education Standards are updated on a regular basis.
- Explore the feasibility of other educational initiatives.

LEGISLATIVE & REGULATORY REVIEW COMMITTEE (Chair: Jill Wykes)

- Recommend legislative and regulatory reform necessary to achieve TICO's business objectives by:
 - Consulting with Ministry of Consumer Services on policy and legal issues.
 - Securing and managing stakeholder input.
 - Working with the Ministry of Consumer Services to move the recommendations forward through the legislative process.
- Develop a Code of Ethics for TICO Discipline Process.
- Develop policies in relation to administrative penalties.
- Make recommendations to the Board with respect to requirements for individuals who conduct business outside the office of a registrant. Recommended requirements should ensure:
 - a level of professionalism even if the business is being conducted outside the registrant's office;
 - industry standards are enhanced;
 - consumer monies are protected;
 - consumers receive quality service; and
 - consumers are fully informed.
- Develop a Recommended Best Practices document to assist registrants and outside sales representatives.

GOVERNANCE COMMITTEE (Chair: Brett Walker)

- Conduct an annual review and make recommendations regarding TICO's governance model, including the board's role, purpose, core values and responsibilities.
- Review and make recommendations regarding board member recruitment and the election process.
- Set criteria for board member recruitment and selection.

- Communicate board member criteria to groups eligible to make appointments to the Board.
- Review and make recommendations on the Board Policy regarding election of Directors each year.
- Develop guidelines for candidate campaigns during the election process.
- Conduct an annual review of the Board of Directors Code of Conduct and recommend changes when appropriate.
- Annually review the Board and Committee Attendance Policy, which sets out TICO's expectations with respect to board and committee attendance and sets out the process for dealing with attendance problems and make recommendations if changes are required.
- Examine the issue of board member retention, including an annual review of board and committee member remuneration and recommend changes where appropriate.
- Review and make recommendations regarding TICO's Board Committee policies.
- Develop strategies to enhance board performance.
- Devise a set of basic performance benchmarks to measure board effectiveness.
- Develop a system for evaluating the board's performance.
- Communicate results of board evaluations.
- Review and recommend changes to TICO's Board Orientation Process.
- Consider ongoing board training initiatives.
- Be responsible for policies in relation to corporate governance.
- Recommend any changes required to TICO's By-law in relation to governance issues.

ALTERNATE FINANCE COMMITTEE (Chair: Jeff Element)

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

CONSUMER ADVISORY COMMITTEE (Chair: Michael Pepper)

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

Business Accomplishments 2008/2009

BUSINESS PLAN OBJECTIVES	PERFORMANCE MEASURES 2008/2009	ACTIVITIES & ACCOMPLISHMENTS
Enhance Public Relations with Registrants	Review TICO's current Communications Plan to determine where improvements can be made.	TICO's Communication Plan was reviewed and recommendations made to improve communications with registrants which included the creation of an online subscription to TICO's newsletter as well as providing web cast and webinars in future to extend TICO's reach to all stakeholders and increase Industry awareness and participation.
	Develop and implement communications strategy to enhance public relations with registrants.	TICO commenced work on creating an online subscription for the TICO Talk Newsletter to be live on its website by May 2009.
	Hold town hall meetings across Ontario to disseminate information and to encourage contact and feedback from registrants.	TICO held three town hall meetings in the Fall of 2008 in Ottawa, London and Toronto. Presentations were provided to registrants on TICO's Consumer Awareness Campaign, TICO Education Standards and how registrants can profit from e-business. The town hall meetings also included question and answer period with the Travel Registrar to encourage feedback and dialogue with registrants.
	Communicate outcome and feedback received at town hall meetings to stakeholders.	TICO included a report in its Jan-Mar 2009 issue of TICO Talk newsletter which highlighted the issues raised and the feedback received from registrants who attended the town hall meetings.
	Utilize feedback in decision making where appropriate.	The TICO Board of Directors reviewed a report detailing the feedback received from registrants who attended the town hall meetings. Issues raised included TICO enforcement measures for the legislated Education Standards requirement, turnaround time to receive exam results, TICO's enforcement and monitoring of advertisements in smaller community publications and issues surrounding consumer awareness as to the benefits of purchasing travel services from Ontario registrants. Feedback was noted by Board and TICO Management and will be considered going forward.

BUSINESS PLAN OBJECTIVES	PERFORMANCE MEASURES 2008/2009	ACTIVITIES & ACCOMPLISHMENTS
<p>Develop Tools to Increase Effective Enforcement of the Legislation</p>	<p>Finalize administrative penalty process for non-compliance. This process will involve the assessment of monetary penalties for infractions.</p> <p>Complete a list of monetary penalties for infractions.</p> <p>Consult with stakeholders on the proposed administrative penalty process.</p> <p>Review feedback from consultation process and make enhancements to process.</p> <p>Develop implementation plan for the process.</p>	<p>Submitted proposal to the former Ministry of Small Business and Consumer Services (now Ministry of Consumer Services) with respect to the introduction of administrative penalties.</p>
<p>Review Registration Criteria for all Sellers of Travel to Ensure Consumer Protection</p>	<p>Review how travel services are sold in Ontario.</p> <p>Review who is currently exempt from registration and determine if appropriate.</p> <p>Determine if other levels of registration are required.</p> <p>Consider recommendations for change where appropriate.</p> <p>Consult with stakeholders on the issue.</p>	<p>Initial review of the registration criteria for all sellers of travel has resulted in a shift in focus for a broader review of the business model of how travel services are being sold.</p>
<p>Implement TICO Education Standards</p>	<p>Monitor Education Standards exam performance and determine whether any changes to the exam or Study Manual are required.</p>	<p>Monitored the performance of Education Standards exams by reviewing statistics including the number of individuals registered for the exam and the percentage of pass/fail marks to ensure that the Study manual and exams are performing well.</p> <p>The total number of exams completed as of March 31, 2009 was 6,743 made up of 6,083 Travel Counsellor exams, 322 Supervisor/Manager exams and 338 Combined Travel Counsellor & Supervisor/Manager exams.</p>

BUSINESS PLAN OBJECTIVES	PERFORMANCE MEASURES 2008/2009	ACTIVITIES & ACCOMPLISHMENTS
Implement TICO Education Standards (continued)		Identified any problematic or poorly performing exam questions and removed them from the exam bank to ensure that candidates were marked equitably.
	Release French version of Study Manual and exams.	French versions of the TICO Study Manual, exams and Proctor's Guide were made available in December 2008.
	Continue communications with and educate stakeholders regarding Education Standards.	Ongoing communication to industry stakeholders provided by TICO via telephone and email queries, updates to online FAQ's, discussions at town hall meetings, editorial in trade press and information provided in the TICO Talk Newsletter.
	Develop a plan to enforce Education Standards to meet the July 1, 2009 deadline.	Plan development commenced for enforcement of Education Standards. Enforcement plan includes a letter to all registrants to verify Supervisor/Manager on record with TICO.
Review and Recommend Changes to the Travel Industry Act, 2002 and Ontario Regulation 26/05	Use results from compliance initiatives to recognize problem areas.	Submission provided to the former Ministry of Small Business and Consumer Services on various issues with proposed amendments.
	Review Regulation to determine where the changes would be beneficial.	Reviewed the Act and Regulation to ascertain where changes may be beneficial to address emerging issues.
	Meet with industry and government representatives with respect to proposed changes to the Regulation.	Ongoing consultation with the Ministry conducted on specific proposals for legislative and regulatory change that require further input from TICO.
	Consult with stakeholders on proposed changes.	Consultation to commence once Ministry has completed its review of TICO's proposed amendments.
	Review feedback received from consultation process and submit proposed changes to the Ministry.	
Introduce New Consumer Awareness Campaign	Develop new campaign strategy using a media firm.	Worked with media firm and developed new campaign strategy with new look and messaging. Introduced new TICO logo with more consumer friendly look. Logo incorporates TICO's website address to encourage consumer awareness by increasing traffic to website for TICO messaging.

BUSINESS PLAN OBJECTIVES	PERFORMANCE MEASURES 2008/2009	ACTIVITIES & ACCOMPLISHMENTS
<p>Introduce New Consumer Awareness Campaign (continued)</p>	<p>Enhance TICO’s website to deliver a clear consumer protection message.</p>	<p>TICO website redesigned and enhanced to support new consumer awareness campaign and to disseminate TICO messaging for the purpose of increasing awareness.</p>
	<p>Use different forms of media to obtain a broad reach to all consumers in Ontario and encourage consumers to visit TICO’s website.</p>	<p>Consumer Awareness Campaign strategy included various forms of media to extend the reach to consumers throughout Ontario including television ads, streetcar wraps, web banner ads, editorial coverage in various publications and television and radio interviews.</p>
	<p>Encourage registrants to display collateral materials such as window decals to support campaign.</p>	<p>Newly designed window decals and promotional pamphlet was sent to all registrants promoting the benefits of supporting TICO’s new Consumer Awareness Campaign.</p>
		<p>TICO website enhancements includes a Consumer Awareness Campaign Tool Kit for registrants which includes the following downloadable collateral items to support the Campaign: newly designed TICO Logo, window decal image, four web banners ads, e-ticket stuffer, sample wording for registrant collateral materials and TICO’s four television commercials.</p>
	<p>Participate at travel related consumer shows providing educational literature.</p>	<p>TICO participated at eight consumer and industry trade shows during the last 12 months to promote consumer awareness as to the benefits of purchasing travel services from Ontario registrants.</p> <p>Designed and purchased new trade show booth to include new TICO logo and mirror the images and messaging used in TICO’s new Consumer Awareness Campaign.</p> <p>Updated and re-designed all TICO consumer and industry informational materials to include new TICO logo and mirror the images and messaging used in TICO’s new Consumer Awareness Campaign.</p>
	<p>TICO’s CEO to conduct radio and television interviews to promote knowledge of TICO.</p>	<p>Conducted 33 media interviews promoting knowledge and awareness of TICO.</p>

BUSINESS PLAN OBJECTIVES	PERFORMANCE MEASURES 2008/2009	ACTIVITIES & ACCOMPLISHMENTS
<p>Introduce New Consumer Awareness Campaign (continued)</p>	<p>Obtain editorial coverage and take out ads in the press aimed at promoting consumer awareness.</p>	<p>Produced weekly Travel Registrar Q&A column in the National Post newspaper.</p> <p>Placed advertisement and editorial in Horizon Travel Magazine and placed web banner ads on the Internet promoting TICO's Consumer Awareness Campaign.</p>
	<p>Measure results and impact of consumer awareness campaign.</p>	<p>Online omnibus survey conducted to obtain baseline statistics on awareness prior to commencement of TICO's new Consumer Awareness Campaign. Online Omnibus survey conducted at the end of the Campaign to measure success. Awareness of TICO increased to 31% over 25% in 2008.</p>
<p>Continue to Explore Alternate Methods of Financing the Compensation Fund and TICO</p>	<p>Utilize the Actuary Report completed in 2006 to assess the appropriate level of the Compensation Fund.</p>	<p>Extensive review conducted of compensation and regulatory models in several jurisdictions that have travel industry consumer protection.</p>
	<p>Review financial models from other jurisdictions that have travel industry consumer protection.</p>	<p>Alternate Finance Committee is reviewing the current coverage under the Compensation Fund and exploring opportunities to expand coverage.</p>
	<p>Make recommendations for change where appropriate.</p>	<p>Alternate Finance Committee has reviewed the issues surrounding credit card payments for consumers and suppliers and the effect on the Compensation Fund coverage.</p>

Continuing Business Objectives 2008/2009

BUSINESS PLAN OBJECTIVES	CONTINUING PERFORMANCE MEASURES 2008/2009	ACTIVITIES & ACCOMPLISHMENTS
Maintain and Improve Operational Efficiency	Continue to enhance TICO's Information Management System.	Enhancements to TICO information management and operating system performed on a continual basis as required.
	Continue to distribute consumer surveys and analyze consumer survey results to assess opportunities to improve TICO's operational effectiveness in the area of claims processing and complaint handling.	Distributed 180 Claims Surveys and 342 Complaint Surveys to consumers to assess TICO's operational effectiveness in the area of claims processing and complaint handling.
	Review TICO's internal procedures and make amendments to policies to keep up to date.	TICO Policy and Procedures Manual was reviewed and updated to take account of any changes. TICO Personnel Manual was updated.
	Efficient and timely processing and approval of claims resulting from registrant and end supplier closures.	During 2008/09 fiscal year, TICO processed 366 claims resulting in \$357,648 in claims against the Compensation Fund.
	Efficient and timely processing of consumer complaints.	During the 2008/09 fiscal year, TICO processed 342 complaints and assisted consumers in receiving \$114,568 in restitution.
	Ensure that compliance process procedures are efficient and timely.	The number of compliance files outstanding at the end of the year was reduced by 40% from the prior year.
	Review TICO's Privacy Policy and TICO's internal processes to determine where enhancements could be made to better ensure privacy is protected.	No amendments were made to TICO Privacy Policy during the 2008/2009 fiscal year.
	Complete TICO's internal Disaster Recovery Plan which will set out policies and procedures for TICO in the event of a disaster.	Continued work on the development of the Disaster Plan. Maintained back-up of TICO's internal Information Management Systems and stored tapes offsite for the purpose of recovery in the event of a disaster.
	Meet the terms of the Administrative Agreement.	Met the terms of the Administrative Agreement by maintaining operations and systems for effectively administering the terms of reference of TICO's mandate with the Ministry.

BUSINESS PLAN OBJECTIVES	CONTINUING PERFORMANCE MEASURES 2008/2009	ACTIVITIES & ACCOMPLISHMENTS
<p>Communications and Government Liaison</p>	<p>Align Form 1 payments with annual registration renewals including incorporating changes to TICO's database to allow for alignment of Form 1 payments with annual registration renewals.</p>	<p>Form 1 process was reviewed for the purpose of aligning payments with annual registration renewals and an outline of procedures required to implement the change was completed.</p>
	<p>Complete schedule of fees for TICO services on a cost recovery basis.</p>	<p>Drafted a schedule of fees on a cost recovery basis for services provided by TICO.</p>
	<p>Maintain a communications plan to promote industry awareness.</p>	<p>Provided industry with information on timely and important industry issues via 36 press releases, Industry Advisories, Registrar Bulletins, TICO Talk newsletter and by conducting 3 town hall meetings.</p>
	<p>Update and keep current TICO's website with information to benefit stakeholders, such as Industry Advisories, Business Plan, Annual Report and the TICO Talk Newsletter.</p>	<p>TICO website maintained and kept up to date with timely information for the benefit of all stakeholders. Information provided included communication items such as FAQ's on Education Standards, press releases, industry advisories, closure advisories, Registrar Bulletins, TICO Talk Newsletter, Business Plan, Annual Reports and other information items.</p> <p>TICO website enhanced to include Registration Tool Kit for all registrants as a resource for all TICO downloadable forms, guidelines and legislation.</p> <p>TICO website enhanced to provide consumers a better understanding of TICO and easier access to downloadable versions of all TICO informational materials and TICO's Travel Agency Search Feature.</p>
	<p>Publish and distribute TICO Talk quarterly newsletter to registrants, develop and distribute informational literature on various topics and distribute Industry Advisories and Registrar Bulletins to all stakeholders on significant and timely issues.</p>	<p>Prepared and distributed a quarterly newsletter (TICO Talk) to all registrants which included information on timely and significant issues to industry.</p>

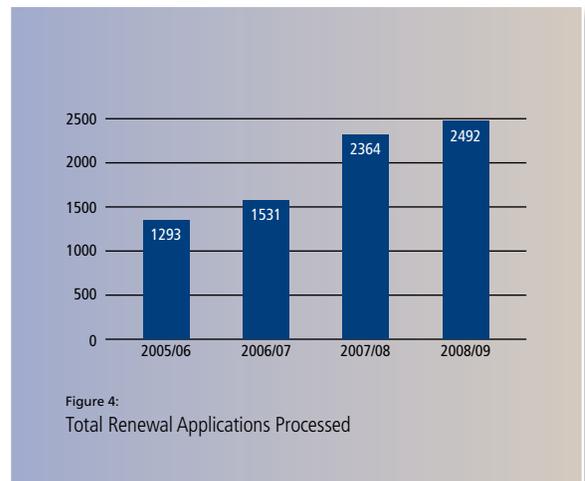
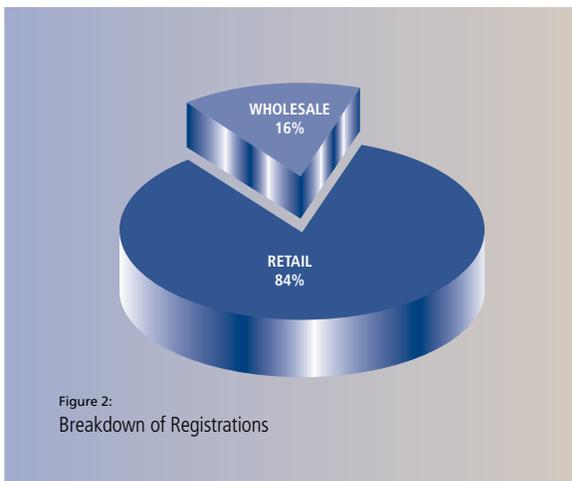
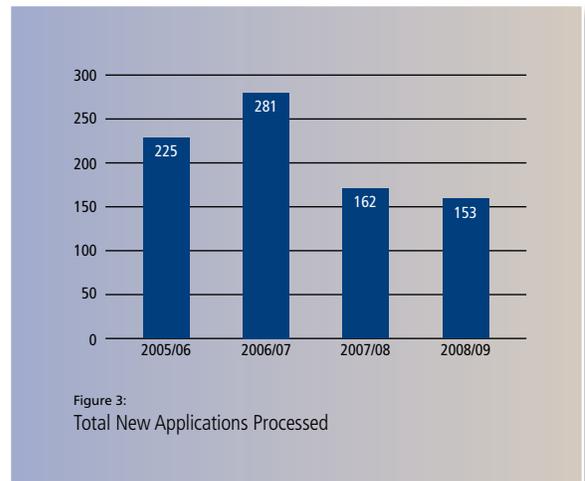
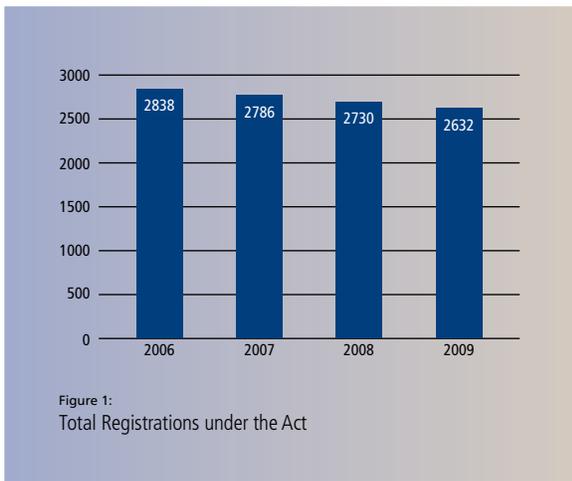
BUSINESS PLAN OBJECTIVES	CONTINUING PERFORMANCE MEASURES 2008/2009	ACTIVITIES & ACCOMPLISHMENTS
<p>Communications and Government Liaison (continued)</p>	<p>Continue to liaise with the Ministry on issues that are sensitive to government and issues that require input.</p>	<p>TICO continued to liaise with the Ministry on issues that require TICO's input and participated in regular liaison meetings</p> <p>Participated in Ministry hosted quarterly meetings for all Delegated Administrative Authorities to attend and exchange information.</p> <p>Submitted performance measures to the Ministry on a quarterly basis. Presentation of performance measures was revised to provide more effective information.</p>
	<p>Continue to communicate and restate TICO's Voluntary Code of Ethics to all registrants.</p>	<p>Communicated and restated TICO's Voluntary Code of Ethics for registrants on TICO's website and TICO Talk newsletter.</p>
	<p>Make available a Business Plan to all stakeholders by June 30, 2008.</p>	<p>Provided annual Business Plan for 2008-2011 to stakeholders on June 24, 2008.</p>
	<p>Work with the Ministry to finalize outstanding items in the Administrative Agreement.</p>	<p>Outstanding items in Administrative Agreement to be finalized.</p>

Operational Performance Review

REGISTRATION

On March 31, 2009, there were a total of 2,632 registrations with TICO (Fig. 1). This total is comprised of 2,220 retail travel agencies, who sell travel services directly to consumers and 412 travel wholesalers, who sell travel services through travel retailers (Fig. 2).

A total of 2,645 registrations were processed under the *Travel Industry Act, 2002* in 2008/2009, which included 153 new registrations (Fig. 3) and 2,492 renewals (Fig. 4). Registrations are currently renewed annually. Prior to September 2006, registrations were renewed every two years.



COMPLAINT HANDLING PROCESS

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

TICO provides complaint handling for consumer-to-registrant disputes. After encouraging consumers to pursue all avenues with the registrant, TICO staff will assist with the goal of reaching a mutually acceptable solution. However, TICO does not have the authority to settle a dispute, or to impose a settlement, and it does not have the authority or mandate to act as an arbitrator in any complaint matter. When a complaint involves allegations of non-compliance with the Act, the Registrar will undertake the necessary compliance and enforcement activities. 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 not been handled traditionally by the Registrar, unless financial issues or other allegations of non-compliance with the Act are involved.

COMPLAINTS COMMITTEE

Consumers and registrants with complaints about TICO's activities are invited to contact the Complaints Committee of the Board of Directors.

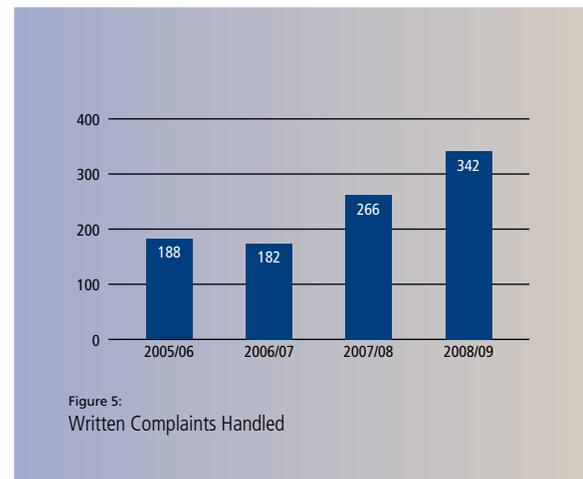
The Complaints Committee's mandate is to review and resolve, as appropriate, complaints against TICO, which are based on dissatisfaction with the quality and fairness of its services to registrants and consumers. The Committee also makes any recommendations with respect to TICO's complaint handling procedures that may arise from reviews of particular complaints. The Committee is composed of

representatives of various stakeholders. During the 2008/2009 fiscal period, there were no complaints received against TICO.

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

COMPLAINTS

TICO handled 342 written consumer complaints in 2008/09 compared to 266 in the previous year (Fig. 5). In processing these complaints, TICO successfully assisted consumers in obtaining \$114,568.00 in restitution compared to \$118,522.00 the previous year. In addition, TICO handled 2,444 telephone complaint inquiries and 488 email complaint inquiries.



The most frequent types of written complaints received at TICO in 2008/2009 are:

1. Invoicing issues. (i.e. not complete with required information or not provided to consumer.)
2. Incomplete or incorrect information provided to the consumer by the registrant. (i.e. information regarding the travel product or services being sold.)
3. Outstanding refunds.
4. Misrepresentation of travel services by registrant in an advertisement or brochure.
5. Information/Documentation. Issues related to travelling with passports and other travel documents.

6. Accommodation purchased by the consumer changed and not provided in destination.
7. Customer service issues.
8. Incorrect ticketing/ticketing errors
9. Cancellation/Terms & Conditions.
10. Flight delay/cancellation.
11. Advertising.
12. Quality of service received in destination – hotel accommodations

CONSUMER SURVEY RESULTS – COMPLAINTS PROCESS

During the fiscal year 2007/08, TICO distributed consumer surveys to 342 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 2009, there were 31 completed surveys returned to TICO.

The results of the 31 completed surveys received are as follows:

When asked to rate their overall satisfaction with TICO's handling of their complaint, 21 consumers advised they were very satisfied and 6 consumers were dissatisfied and 4 consumers were neutral in their opinion.

When asked to rate their satisfaction with the fairness of the process, 20 were satisfied; 8 were dissatisfied and 3 consumers were neutral in their opinion.

TICO reviewed the survey results and established that some of the consumers who expressed dissatisfaction had filed a complaint which contained issues that are not covered by the legislation and therefore were outside the scope of TICO.

As such, TICO was unable to assist them.

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

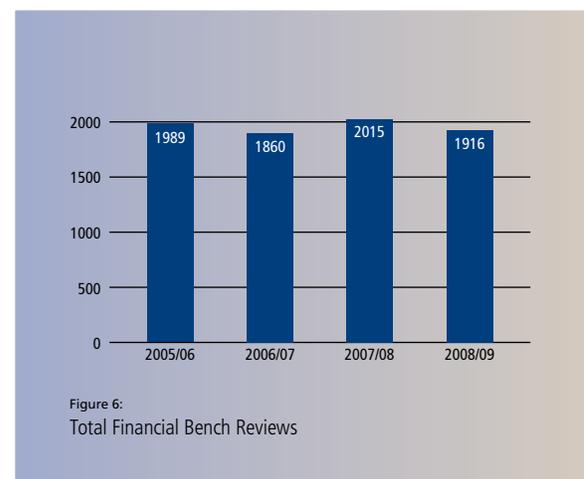
have the authority to settle a dispute, or to impose a settlement.

Some consumers expressed dissatisfaction with TICO not having the authority to settle a dispute, or to impose a settlement in complaint matters. TICO is in the process of developing a Discipline Process that will provide TICO with a mechanism to impose penalties against a registrant in the event of a contravention of the Act and Regulation. While the registrant may be subject to a penalty, this process may not result in any compensation to the consumer.

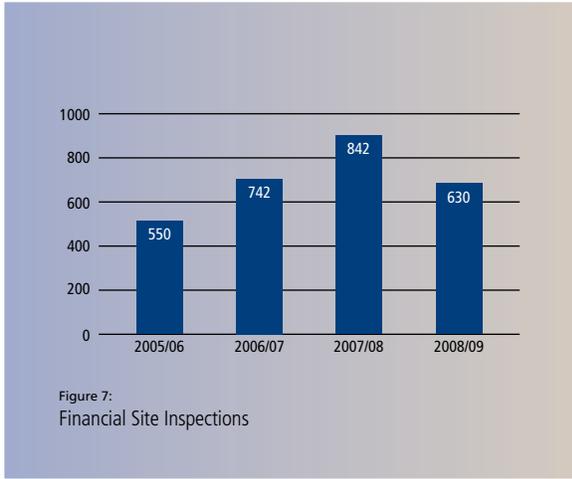
The survey results also indicated that 5 consumers expressed some dissatisfaction regarding complaint processing turnaround times and 6 consumers were neutral in their opinion. A total of 20 consumers were satisfied with the length of time taken to process their complaint file. Turnaround times may vary considerably depending on the complexity of the issues involved as well as the responses received from complainants and registrants which could result in further information being required from suppliers or other third parties.

FINANCIAL INSPECTIONS

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

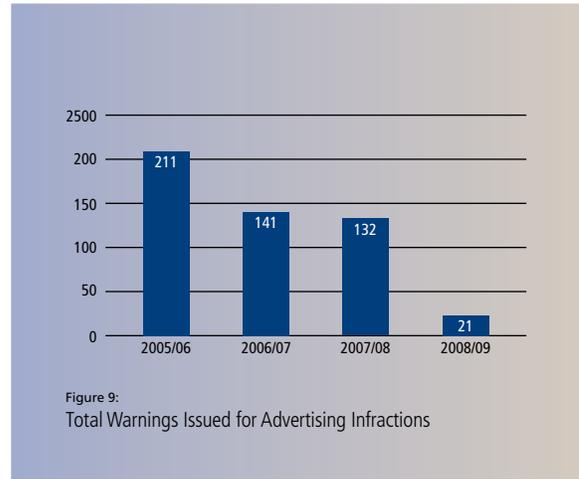
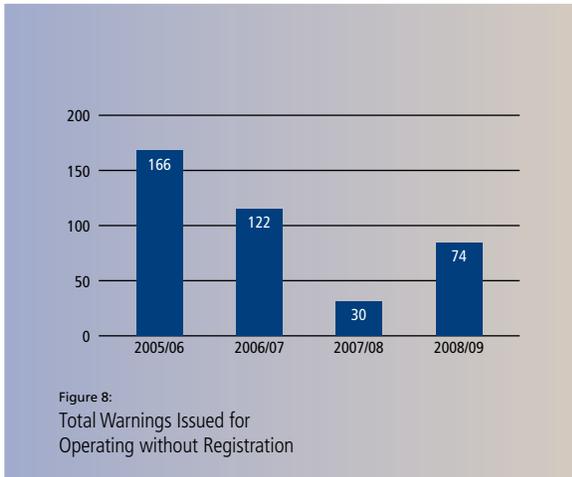


period 2008/2009, TICO completed 630 financial site inspections compared to 842 in the prior year. (Fig.7). In March 2008, TICO completed a project to visit all registrants who had previously been grandfathered from trust accounting. The completion of this trust accounting project in 2008 resulted in a decrease in overall inspections in 2008/2009.

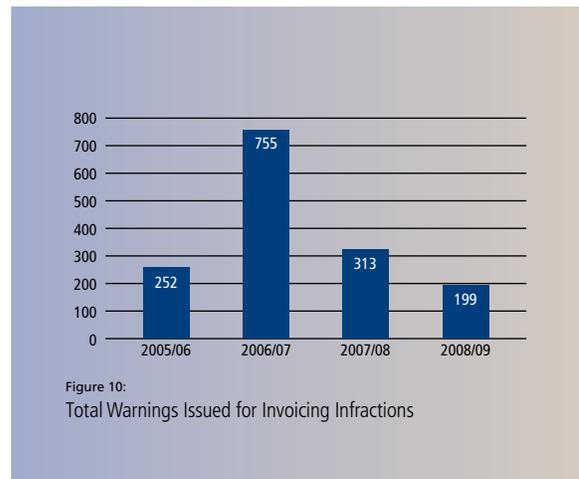


NON - FINANCIAL INSPECTIONS

TICO performed 33 compliance site inspections during the 2008/2009 fiscal year compared to 14 in the prior year. Compliance site inspections are performed to address various issues such as advertising, invoicing and operating without registration. In 2008/2009, a total of 74 warnings for operating without registration compared to 30 in the previous year (Fig. 8) and 21 advertising warnings (Fig. 9) were issued to registrants and/or



individuals who appeared to be carrying on business in contravention of the Act and Regulation. In addition, 199 invoicing warnings (Fig. 10) were issued to registrants who did not provide proper



invoices and/or receipts in accordance with the Regulation. Invoice warnings decreased in 2008/09 compared to the 313 warning issued in the prior year. Warnings for invoicing are as a result of the changes to the Regulation, which came into force on July 1, 2005. Invoicing deficiencies are forwarded to the Compliance Department from consumer complaints, financial inspections and claims.

Travel Industry Compensation Fund

TICO is required to hold all Compensation Fund monies in trust. As at March 31, 2009 the assets held for the Compensation Fund were \$28,963,569.

CLAIMS AND REPATRIATION

Claims paid during the fiscal year ended March 31, 2009 compared to the previous year ended March 31, 2008 were as follows:

	2008/09	2007/08
Number of claims paid	163	550
Number of consumers assisted	326	756
Claims paid - Registrant failure	\$ 332,073	\$ 529,632
Claims paid - End supplier failure	\$ 25,575	\$ 338
Total Claims paid	\$ 357,648	\$ 529,970
Repatriation	\$ —	\$ —
Less recoveries	\$ (109,375)	\$ (50,145)
Net claims paid	\$ 248,273	\$ 479,825

REPATRIATION

There were no consumers repatriated during the 2008/2009 fiscal year.

CLOSURES IN 2008/09 RESULTING IN SIGNIFICANT CLAIMS PAID

Lifedream Travel & Tours Inc.
o/a Lifedream Travel & Tours Inc.

On August 26, 2008, Lifedream Travel & Tours Inc.'s registration to operate as a travel retailer under the Ontario *Travel Industry Act, 2002* was revoked for financial non-compliance. Lifedream Travel & Tours Inc. sold mainly air and packaged holidays to various destinations. During the year ended March 31, 2009, a total of \$117,797 was paid out of the Compensation Fund, assisting 99 consumers.

Jofir Investments Ltd.
o/a College Travel (Retail)
o/a Skyways International (Wholesale)

On January 16, 2009, Jofir Investments Ltd voluntarily terminated its registration to operate as a travel retailer under the Ontario *Travel Industry Act, 2002*. College Travel and Skyways International sold mainly

air and packaged holidays to various destinations. During the year ended March 31, 2009, a total of \$27,485 was paid out of the Compensation Fund, assisting 11 consumers.

Zoom Airlines Inc.

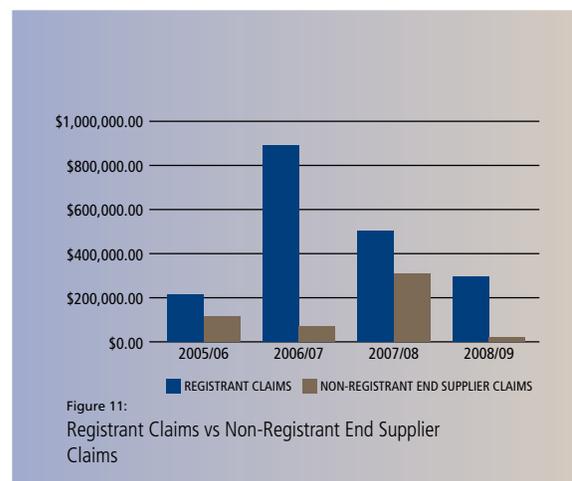
Zoom Airlines, a non-registrant end supplier airline, ceased operations on August 28, 2008 leaving consumers stranded and without travel services. During the year ended March 31, 2009, a total of \$17,506 was paid out of the Compensation Fund, assisting 29 consumers. Although airlines are federally regulated and do not fall under the purview of the *Travel Industry Act, 2002*, Ontario Regulation 26/05 allows claims against the Compensation Fund when an airline ceases operations resulting in the non-provision of travel services to a consumer who purchased the travel services from an Ontario registered travel retailer.

OTHER CLOSURES

The following entities ceased operations in previous years and resulted in claims paid during the 2008/09 fiscal year.

Aero Canadian Tour & Travel Inc.
o/a Aero Canadian Tour & Travel Inc.

On January 10, 2008, Aero Canadian Tour & Travel Inc. had its registration to operate as a travel retailer revoked under the Ontario *Travel Industry Act, 2002*. Aero Canadian Tour & Travel Inc. sold mainly air only to various destinations. During the year ended March 31, 2009, a total of \$137,077 was paid out of the Compensation Fund, assisting 130 consumers.



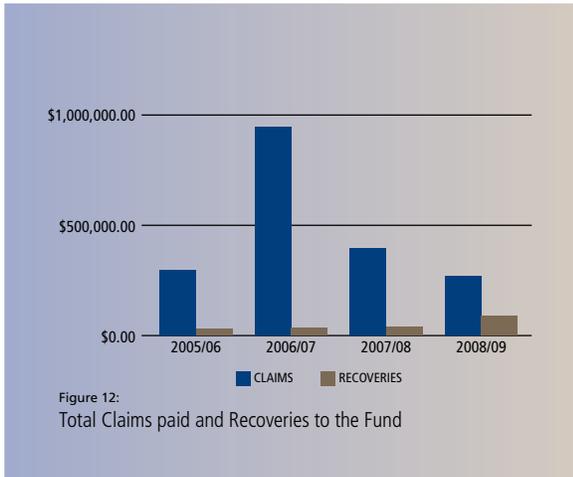
**SUMMARY OF CLOSURES RESULTING IN CLAIMS AGAINST THE COMPENSATION FUND
AND CORRESPONDING RECOVERIES**

REGISTRANTS	CLAIMS PAID 2008/09 \$	RECOVERIES 2008/09 \$	CLAIMS PAID 2007/08 \$	RECOVERIES 2007/08 \$
Aero Canadian Tour & Travel Inc (R)	137,077	10,000		
Aloha Airlines Inc. *	4,539			
AlvesTravel Inc (R)	5,000	600	55,326	
Amrals Travel Canada Ltd (R)		6,000		6,000
Baldwin Travel & Tours (R) (W)			5,380	
Blyth & Co. (R)		33,466		
Ceylon Tours & Travel Inc (R)		1,000		1,500
China Tours International Inc. (R)	1,277			
College Travel Centre / Skyways Int'l (R)(W)	27,485			
Cruise Holidays of Brockville (R)		11,000	74,554	10,000
Dillon Travel Services Ltd.	11,027	11,027		
Dreamworld Travel & Vacations Inc. (R)	1,370	1,370		
Ellas Travel (R)		13,213		
Exotique Expeditions (R)			8,297	10,000
Hillcrest Tour Group (W)			18,996	
Jes'Hue Travel (R)			846	6,235
Jetsgo *	80	6,265	338	
Lifedream Travel & Tours Inc (R)	117,797			
Macsha Travels & Tours (R)	10,113	1,400		
Manor Travel Ltd. (R)	6,146			
Nationwide Airlines *	1,700			
Northumberland Travel (R)				2,375
Nugget Travel & Tours Inc. (R)	14,700			
Oasis Hong Kong Airlines *	1,831			
One Step Travel / Student Escape Tours (R)			343,790	
Premier Holidays (R) (W)		12,714		12,715
Sendas Tours Inc. (R)			21,443	
Travel World Rispin (R)			1,000	
Travelpack Marketing (R) (W)		1,320		1,320
Zoom Airlines *	17,506			
TOTAL CLAIMS PAID (GROSS)	\$ 357,648	\$109,375	\$ 529,970	\$ 50,145

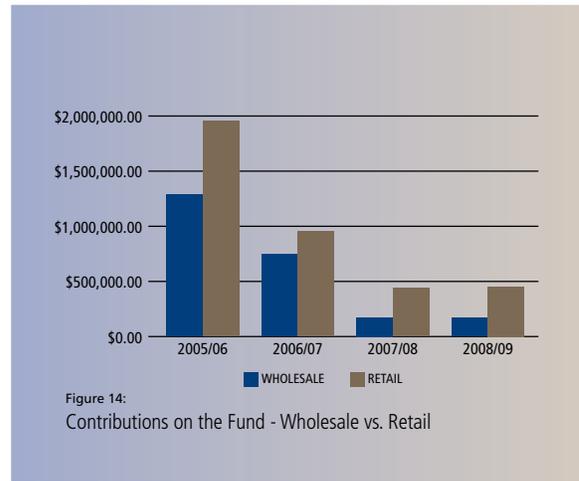
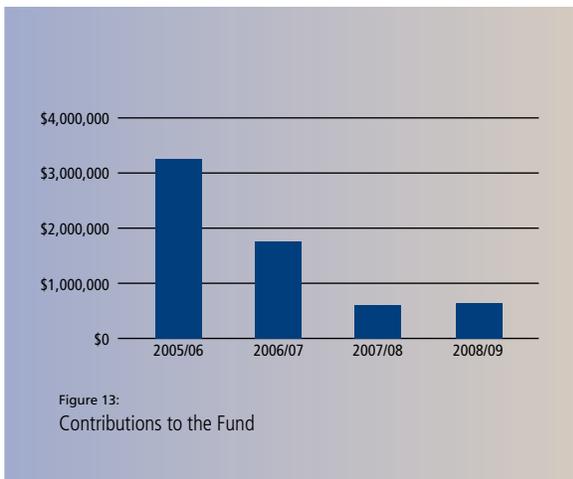
(R) = Retailer (W) = Wholesaler (*) = Non-registrant End Supplier (Airline or Cruise line)

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

Figure 12 illustrates the total claims paid by the Fund over the last four years. Recoveries received by TICO in 2008/2009 were \$109,375 compared to \$50,145 recovered in 2007/2008.



Contributions to the Fund from registrants (Fig. 13) have increased marginally by \$6,424 over 2007/08 period.



CONSUMER SURVEY RESULTS – CLAIMS PROCESS

During the fiscal year 2008/09, TICO distributed consumer surveys to 180 consumers who filed claims against the Compensation Fund inviting feedback on their experience with TICO’s claims process. At the end of March 2009, 11 completed surveys were returned to TICO.

The results of the completed survey received were as follows:

When asked to rate their overall satisfaction with TICO’s handling of their claim, and the fairness of the process, 9 consumers indicated that he/she was very satisfied, 1 consumer was dissatisfied in the handling but was satisfied with the fairness of the process and 1 consumer was neutral in their opinion.

Legal Matters

CLAIMS

The Licence Appeal Tribunal (LAT) hears appeals from decisions of the Board relating to the eligibility of claims for payment from the Compensation Fund. LAT overruled a decision of the Board to disallow a claim from a hearing held in the previous year. During the period ended March 31, 2009, LAT held two hearings and upheld both decisions of the Board to disallow the claims.

INVESTIGATIONS AND PROSECUTIONS

TICO initiates and performs investigations when it becomes apparent that there may have been a breach of the legislation which can result in charges being laid under the statute. Investigations conducted in 2008/2009 have resulted in the following prosecutions:

Serwat Naz Ahmed was convicted on one count of failing to maintain trust accounting contrary to section 27 of Regulation 26/05 made under the *Travel Industry Act, 2002*. Ms. Ahmed was the President of Dreamworld Travel & Vacations Inc. Dreamworld Travel & Vacations Inc. had been previously registered under the *Travel Industry Act, 2002* and the registration was terminated on August 15, 2007. Claims to consumers in the amount of \$1,620 were paid from the Ontario Travel Compensation Fund. Ms. Ahmed reimbursed the Ontario Travel Compensation Fund. Ms. Ahmed was fined \$1,000. The charge of failing to maintain trust accounting against Dreamworld Travel & Vacations Inc. was withdrawn.

Cathy Lucia Hollub was convicted of one count of failing to maintain trust accounting contrary to section 27 of Regulation 26/05 made under the *Travel Industry Act, 2002*. Ms. Hollub was the president of Dillon Travel Services Ltd. A fine of \$1,000 was imposed upon Ms. Hollub by the Justice of the Peace. The Justice of the Peace took into consideration the fact that Ms. Hollub had reimbursed the Ontario Travel Compensation Fund in the amount of \$11,027.07, which is the amount of claims paid to consumers from the Compensation Fund. The charge of failing to maintain trust accounting against Dillon Travel Services Ltd. was withdrawn.

Riverwatch Investments Inc. o/a Cruise Holidays of Brockville, Jean-Marc Belanger and Andre Belanger have each been convicted with one count of acting or holding themselves out as being available to act as a travel agent without being registered contrary to subsection 4(1)(a) of the Ontario *Travel Industry Act, 2002* and two counts each of failing to maintain trust accounting contrary to section 27 of Regulation 26/05. The defendants continued to operate as travel agents after the registration of Riverwatch Investments Inc. had been revoked under the Act. Jean-Marc and Andre Belanger were each fined \$2,500 and were sentenced to 2 years of probation including paying restitution to TICO in the amount of \$22,000 each for a total of \$44,000, and the condition that neither can work in the travel industry in any capacity without the written permission of the Travel Registrar, *Travel Industry Act, 2002*. Riverwatch Investments Inc. received a suspended sentence.

Jason Konstantos was convicted of 1 count of Breach of Probation contrary to section 75 of the Ontario Provincial Offences Act. In January 2005, Mr. Konstantos was convicted of 1 count of acting as travel agent without registration contrary to section 3(1) of the *Travel Industry Act*. At that time Mr. Konstantos was sentenced to a two year period of probation which included paying restitution to consumers in the amount of \$62,175.94. Mr. Konstantos failed to pay the total amount of restitution to the consumers and was subsequently charged for Breach of Probation. With respect to the Breach of Probation conviction, Mr. Konstantos was sentenced to 20 days in jail. Mr. Konstantos is subject to a further 12 months of probation during which he is to pay the balance of the restitution to consumers of \$45,000. Monthly payments are to commence in January 2009 of \$1,500 per month and the remaining balance of \$27,000 is due on December 31, 2009.

Alves Travel Inc. and Mariana Alves were convicted of 2 counts each of failing to maintain trust accounting contrary to section 27 of Regulation 26/05 made under the *Travel Industry Act, 2002*. Ms Alves was sentenced to a 2 year period of probation which includes restitution to TICO in the amount of \$25,800, 100 hours of community service and is not allowed to be employed in the travel industry.

try without the written permission of the Registrar. Alves Travel Inc. received a suspended sentence.

Shaheedan Ali (Susan) was convicted of 14 counts of operating as a travel agent without registration contrary to section 4(1)(a) of *Travel Industry Act, 2002*. Ms. Ali was sentenced to a 2 year period of probation including paying restitution to consumers in the amount of \$26,400.

1482228 Ontario Inc. o/a Nile Travel and Milad Daoud were each convicted of 5 counts of acting or holding themselves out as being available to act as a travel agent without being registered as such contrary to subsection 4(1)(a) of the Ontario *Travel Industry Act, 2002*. Mr. Milad Daoud was fined \$5,000 and is subject to a 2 year period of probation. The probation order details that Mr. Daoud cannot be employed in the travel industry in any capacity without the permission of the Registrar, *Travel Industry Act, 2002*, must complete 100 hours of community service and must reimburse customers in the amount of \$1,408.35. 142228 Ontario Inc. o/a Nile Travel received a suspended sentence.

Mazdak Anvari and 1091873 Ontario Inc. operating as One Step Travel, Student Escape Tours and Parsia Travel were convicted of one count each of disbursing monies from the *Travel Industry Act* trust accounts for payments not related to the travel services for which the money was entrusted, contrary to subsection 27(6) of the Ontario Regulation 26/05 made under the *Travel Industry Act, 2002*. Anvari and the company were convicted on one additional count each for failing to notify the Registrar of additional trust accounts that had been opened, contrary to subsection 27(5)(a) of the Regulation and one count each of operating more than one trust account without the written consent of the Registrar, contrary to subsection 27(4) of the Regulation. On the conviction of disbursing trust funds, Mr. Anvari was sentenced to 18 months in jail and 1091873 Ontario Inc. was fined \$50,000. For the other two convictions Mr. Anvari and the company received suspended sentences. A warrant was issued for Mr. Anvari's arrest.

Dominique Faubert was convicted of 4 counts of acting as a travel agent without registration contrary to Section 4(1)(a) of the Ontario *Travel Industry Act, 2002* and 8 counts of operating without registration contrary to section 3(1) of the Ontario *Travel Industry Act*. Ms. Faubert was sentenced to 6

months in jail and paid \$5,000 in restitution to consumers at the time of sentencing. Ms. Faubert is also subject to a two year probation order, which commences at the time of Ms. Faubert's release from jail. The probation order includes restitution to consumers in the amount of \$24,128.56, and a restriction from working as a travel agent without the prior consent of the Travel Registrar. In a separate criminal proceeding, Ms. Faubert was convicted of 4 counts of fraud over \$5,000 and was sentenced to 9 months in jail related to those charges. The 6 month jail sentence related to the *Travel Industry Act* charges is to be served concurrently with the criminal sentence.

PROPOSALS TO REVOKE REGISTRATION

A total of 71 proposals to revoke registration were issued during 2008/2009. The proposals were issued for the following reasons:

	2008/09	2007/08
Failure to file Financial Statements	51	40
Failure to maintain Working Capital	08	14
Other Breaches of the Act and Regulation	<u>12</u>	<u>24</u>
	71	78

TICO was required to attend 25 pre-hearings and 6 hearings before LAT in response to the proposals issued to the registrants. Some proposals were settled prior to their scheduled hearing date. During the year, 27 registrations were revoked, 52 proposals were withdrawn and 1 was settled by consent order. At the beginning of 2008/2009, there were 19 outstanding proposals and at the end of March 2009, there were 10 outstanding proposals.

Consumer Awareness Campaign

In 1999, TICO launched a Consumer Awareness Campaign with a goal to educate consumers and promote awareness in Ontario about TICO, the Travel Compensation Fund and the protection available to consumers when they purchase their travel services from an Ontario registered retail travel agency. Since then, TICO has promoted awareness by using strategies that incorporated different forms of media such as television, radio and newspaper ad campaigns.

During the 2008/2009 fiscal year TICO worked with Larter Advertising and made significant changes to TICO's Consumer Awareness Campaign. The Campaign strategy included the use of a Border Terrier (named Tico), an updated and more consumer friendly appearance of TICO's logo which incorporates TICO's website address and an overhaul to TICO's website. The entire re-branding of the campaign was focused on getting consumers to go to the new tico.ca website where they can find more information on how the Travel Industry Council of Ontario looks out for their best interests and the benefits of booking their travel through a TICO registered travel agent. In a new advertising campaign the Boarder Terrier was used as a re-branding effort to boost consumer awareness. The messaging encouraged consumers to *"Always travel with Tico – Booking your travel with an Ontario registered travel agency means you've got Ontario's travel industry watchdog by your side."*

The Campaign's media strategy included television ads, streetcar wraps, web banner ads and various editorial and media interviews. TICO attended consumer trade shows with its newly designed trade show booth and distributed updated informational literature. Collateral materials for TICO registrants, such as window decals, e-ticket stuffers and the web banner ads were distributed and made available for download from TICO's website, to allow Ontario registrants to participate in and support the Campaign.

TICO has measured its success each year by having a telephone omnibus survey completed. Prior to commencing its new campaign, TICO conducted an online omnibus survey to obtain baseline statistics



for comparison at the end of the first run of the media campaign. The final online omnibus survey conducted in March 2009 resulted in 29% consumer awareness of the existence of the Ontario Travel Industry Compensation Fund and 31% consumer awareness of TICO. TICO's goal is to surpass these results in the upcoming year. The new campaign benefits both consumers and registrants and continues to focus on increasing consumer awareness in Ontario.

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 the year ended March 31, 2009 with comparative figures for March 31, 2008.

OVERVIEW

As at March 31, 2009, the Net Assets of TICO were \$29,858,290 compared to \$30,443,470 for the year ended March 31, 2008. The decrease in Net Assets was a result of expenses exceeding revenues by \$585,180 for the year. While total revenues have decreased in 2008/2009 by 14%, expenses for the same period have increased by approximately 1%.

TICO is required to hold all Compensation Fund monies in trust. As of March 31, 2009 the assets held for the Fund were \$28,963,569 compared to \$29,645,803 as of March 31, 2008.

REVENUE

Total Revenue for the year ended March 31, 2009 was \$3,053,518 and derived from semi-annual assessments by Registrants to the Compensation Fund (\$610,453), applications for renewal of registrations (\$961,383) and from new applications for registration (\$311,250). A total of \$1,170,432 in investment income was earned during the year.

SEMI-ANNUAL ASSESSMENTS

All registrants are required to pay into the Compensation Fund based on their gross travel sales. The current contribution rate for both retail and wholesale registrants is .05 per \$1,000 of sales. Semi-Annual Assessments were marginally higher in 2009 at \$610,453 compared to \$604,029 in 2008 (See Fig. 14 on page 23).

	2009	2008
Retail	\$ 448,339	\$ 432,357
Wholesale	162,114	171,672
	<u>\$ 610,453</u>	<u>\$ 604,029</u>

REGISTRATION FEES

Revenue from registration fees is derived from two sources, new registration fees and renewal fees. New registration fees are \$2,750 for a head office and \$750 for a branch office and cover a one year period of registration. Renewals are made annually

and are based on a registrant's sales volume and can range from \$250 to \$1,500 per head office. The renewal fee for a branch office is \$250. Renewal Fees in 2009 were \$961,383 compared to \$993,348 in 2008 representing a 3% decrease in fees. This was not an unexpected decrease in renewal fees, due to the decline in the overall registrations. New Registrant fees were \$311,250 in 2009, a marginal decrease when compared to \$312,874 in 2008.

INVESTMENT INCOME

Investment income is \$1,170,432 for 2009 compared to \$1,669,743 for 2008. The large decrease in investment income in 2009 compared to 2008, is as a result of TICO adopting a new accounting policy effective January 1, 2007. The new accounting policy dictates that investments must be carried at market value where in prior years investments were carried at the lower of cost or market. In 2008 there was an unrealized gain of \$167,587 included in investment income that was the result of the new accounting policy. Additionally, the investments as at March 31, 2007 were approximately \$169,000 below the market value. The result is that investment income for the year ended 2008 included gains of \$336,587 in order to carry the investments at market value.

EXPENSES

Total expenses increased by 1% to \$3,638,698 in 2009 from \$3,590,919 in 2007/2008. The significant variances are as follows:

CLAIMS

Total claims for the year ended March 31, 2009 were \$376,648 which consists of three components: (1) claims from registrant failures of \$332,073; (2) claims from the failures of non registrant end supplier airlines and cruise lines of \$25,575 and (3) professional fees of \$19,000 incurred in relation to closures and recoveries. Recoveries from security deposits and repayments from Registrants totalled \$109,375 for the year compared to \$50,145 in the prior year, which reduced the net claims figure to \$267,273.

Consumer and Registrant Awareness expense for 2009 is greater than 2008 by \$297,669. Expenses in this category include TICO's province wide consumer awareness campaign, the cost of TICO's quarterly newsletter, TICO's website and the cost of

participation at consumer trade shows. The increase in this expense was part of TICO's plan to introduce a new Consumer Awareness Campaign, including new media strategy, enhancing TICO's website and introducing a new logo.

General and Office expense has increased by \$27,920 over the prior year. The increase mainly relates to office renovations that were completed during the year.

Government Oversight Fees expense total \$125,806 for 2009 compared to \$127,290 for 2008. These fees are paid to the Ministry of Consumer Services

under the terms of TICO's Administrative Agreement. The current Administrative Agreement was signed on August 1, 2005.

Regulatory reform and education standards expense includes expenses related to the legislative review and the implementation of the education standards. During the year TICO completed and released the French study manual, exams and proctor guide. This expense also includes the cost of the 3 Town Hall meetings that TICO held in the fall of 2008 to disseminate information about the education standards, the Consumer Awareness Campaign and to encourage feedback from registrants.



Appendix I

TRAVEL INDUSTRY COUNCIL OF ONTARIO

FINANCIAL STATEMENTS MARCH 31, 2009

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McGovern, Hurley, Cunningham, LLP
Chartered Accountants

Page 1

AUDITORS' REPORT

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

We have audited the statement of financial position of the Travel Industry Council of Ontario ("TICO") as at March 31, 2009 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of TICO's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of TICO as at March 31, 2009 and the results of its operations and the changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

McGOVERN, HURLEY, CUNNINGHAM, LLP

A handwritten signature in cursive script that reads 'McGovern, Hurley, Cunningham, LLP'.

**Chartered Accountants
Licensed Public Accountants**

TORONTO, Canada
May 8, 2009

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

TRAVEL INDUSTRY COUNCIL OF ONTARIO

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2009

	2009	2008
	\$	\$
ASSETS		
CURRENT		
Cash	2,918,627	4,355,458
Investments	28,729,148	27,836,257
Prepaid expenses and deposits	68,793	79,068
	<u>31,716,568</u>	<u>32,270,783</u>
EQUIPMENT (Note 3)	305,844	93,776
	<u>32,022,412</u>	<u>32,364,559</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	249,257	353,081
Deposits from registrants	1,805,593	1,568,008
	<u>2,054,850</u>	<u>1,921,089</u>
LEASEHOLD INDUCEMENT	109,272	—
	<u>2,164,122</u>	<u>1,921,089</u>
NET ASSETS		
Restricted for the Ontario Travel Industry Compensation Fund	28,963,569	29,645,803
Invested in equipment	305,844	93,776
Unrestricted	588,877	703,891
	<u>29,858,290</u>	<u>30,443,470</u>
	<u>32,022,412</u>	<u>32,364,559</u>

Commitments and contingencies (Note 6)

APPROVED ON BEHALF OF THE BOARD:

Signed "Jill Wykes" , Chair of the Board
Signed "Jeff Element" , Chair of the Audit Committee

See accompanying notes to the financial statements.

TRAVEL INDUSTRY COUNCIL OF ONTARIO

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2009

	Invested In Equipment \$	Restricted For The Ontario Travel Industry Compensation Fund \$	Unrestricted \$	2009 Total \$	2008 Total \$
Balance, beginning of year	93,776	29,645,803	703,891	30,443,470	30,454,395
Excess of (expenses over revenues)	—	(565,597)	(19,583)	(585,180)	(10,925)
Purchase of equipment	268,444	(147,644)	(120,800)	—	—
Loss on disposal of equipment	(9,995)	5,497	4,498	—	—
Amortization of equipment	(46,381)	25,510	20,871	—	—
Balance, end of year	<u>305,844</u>	<u>28,963,569</u>	<u>588,877</u>	<u>29,858,290</u>	<u>30,443,470</u>

See accompanying notes to the financial statements.

TRAVEL INDUSTRY COUNCIL OF ONTARIO

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2009

	2009	2008
	\$	\$
REVENUE		
Renewals	961,383	993,348
Semi-annual payments from registrants	610,453	604,029
New registrants	311,250	312,874
Investment income, net	<u>1,170,432</u>	<u>1,669,743</u>
	<u>3,053,518</u>	<u>3,579,994</u>
EXPENSES		
Claims	357,648	529,970
Closure expenses	-	57
Professional fees and services	<u>19,000</u>	<u>41,949</u>
	376,648	571,976
Less: Recoveries	<u>(109,375)</u>	<u>(50,145)</u>
	267,273	521,831
Salaries and benefits	1,482,441	1,382,154
Inspections, compliance and prosecutions	370,778	436,316
Consumer and registrant awareness	626,277	328,608
Rent	183,458	187,258
General and office	200,953	173,033
Board meeting expense	84,657	156,099
Ontario Government oversight fees	125,806	127,290
Regulatory reform and education standards	70,948	93,028
Computer	45,165	64,294
Insurance	39,807	40,649
Professional fees	71,730	14,807
Travel	9,860	14,198
Credit checks	13,164	12,654
Amortization	<u>46,381</u>	<u>38,700</u>
	<u>3,638,698</u>	<u>3,590,919</u>
Excess of (expenses over revenues)	<u>(585,180)</u>	<u>(10,925)</u>

See accompanying notes to the financial statements.

TRAVEL INDUSTRY COUNCIL OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009**1. NATURE OF OPERATIONS**

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

The Ontario Travel Industry Compensation Fund (the "Fund") is a fund established under the Ontario *Travel Industry Act, 2002* and Ontario Regulation 26/05 to reimburse consumers for travel services when they have 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Equipment and Amortization:

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

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

Leasehold improvements are amortized on a straight-line basis over the remaining term of the lease, which expires November 30, 2018.

Revenue Recognition:

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

Claims:

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

Recoveries:

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

Repatriation Costs:

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

Lease Inducement :

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

TRAVEL INDUSTRY COUNCIL OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009**Use of Estimates:**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those reported.

Investments:

Investments consist of fixed income notes bearing interest at rates ranging from 3.3% to 5.09% and with maturity dates ranging from nine months to nine years from March 31, 2009.

Investments are carried at market value.

Financial Instruments:

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

TICO's investments have been classified as held-for-trading. Accounts payable and accrued liabilities have been classified as other financial liabilities.

Adoption of New Accounting Policies**Capital Disclosures and Financial Instruments:**

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments - Disclosures, and Handbook Section 3863, Financial Instruments - Presentation. These standards were effective for TICO's reporting period beginning on April 1, 2008.

Capital Disclosures:

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. This disclosures required by this new standard have been included in these financial statements at Note 8.

Financial Instruments - Disclosures and Presentation

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments - Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how an entity manages those risks. The disclosures required by these new standards have been included in these financial statements.

Future Accounting Changes:**International Financial Reporting Standards ("IFRS")**

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for publicly accountable entities ("PAEs") are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The strategic plan has since been clarified to require only for-profit PAEs adopt IFRS. As a result, TICO no longer expects to adopt IFRS. TICO continues to monitor the convergence of Canadian GAAP and IFRS.

TRAVEL INDUSTRY COUNCIL OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009**Future Accounting Policies:**

In November 2008, the CICA issued amendments to Section 1540, Cash flow statement, Section 1751, Interim financial statements, Section 4400, Financial statement presentation by not-for-profit organization, Section 4430, Capital assets held by not-for-profit organization, Section 4460, Disclosure of related party transactions by not-for-profit organization and issued Section 4470, Disclosure of allocated expenses by not-for-profit organization. The new standards will be applicable to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. Accordingly, TICO will adopt the new standards as at April 1, 2009.

Sections 1540 and 1751 have been amended to include not-for-profit organizations within their scope. Section 4400 has been amended in order to eliminate the requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit a not-for-profit organization to present such an amount as a category of internally restricted net assets when it chooses to do so. It also clarifies that revenues and expenses must be recognized and presented on a gross basis when a not-for-profit organization is acting as a principal in transactions. Section 4430 has been amended to specify that smaller organizations that capitalize their capital assets shall capitalize all classes of capital assets, amortize and write down those assets in accordance with relevant Handbook Sections. Section 4460 has been amended to make the language in Section 4460 consistent with related party transactions, Section 3840. Section 4470 establishes disclosure standards for a not-for-profit organization that classifies its expenses by function and allocates its expenses to a number of functions to which the expenses relate. TICO is currently assessing the impact that the adoption of these new standards will have on its financial statements.

3. EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2009 Net</u>	<u>2008 Net</u>
	\$	\$	\$	\$
Furniture and equipment	200,889	118,782	82,107	44,049
Computer hardware	304,993	278,268	26,725	45,372
Computer software	51,627	51,167	460	1,380
Database	244,416	244,416	—	—
Leasehold improvements	204,705	10,235	194,470	—
Vehicles	5,000	2,918	2,082	2,975
	<u>1,011,630</u>	<u>705,786</u>	<u>305,844</u>	<u>93,776</u>

4. RESTRICTED NET ASSETS

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

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

5. INCOME TAXES

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

TRAVEL INDUSTRY COUNCIL OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009**6. COMMITMENTS**

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

(b) TICO is committed to minimum rental amounts under a long-term lease for its premises which will expire November 30, 2018. Minimum rental commitments remaining under this lease approximate \$930,400. Minimum rental commitments for successive years approximate the following:

2010	\$ 90,400
2011	90,400
2012	90,400
2013	90,400
2014 and beyond	<u>568,800</u>
	<u>\$ 930,400</u>

7. FINANCIAL INSTRUMENTS**Fair Value:**

Canadian generally accepted accounting principles require that TICO disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

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

Interest Rate Risk:

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

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

Foreign Exchange Risk:

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

Market Risk:

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

8. CAPITAL DISCLOSURES

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

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

TRAVEL INDUSTRY COUNCIL OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009

invest, in accordance with the Trustee Act.

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

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

Approved Investments:

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

Ratings:

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

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

Maximum Holdings:

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

9. STATEMENT OF CASH FLOWS

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

10. SUBSEQUENT EVENT

On April 15, 2009, Conquest Vacations Inc. ("Conquest") terminated its registration with TICO under the Act and ceased operations. The closure of Conquest will result in claims being paid from the Fund. No provision for such claims has been recorded in the financial statements at March 31, 2009. The claim filing deadline is six months from the date of closure, which is October 16, 2009 and management is not currently able to reasonably determine the extent to which claims may be payable with regards to this closure.

Appendix II

Tico Board Of Directors 2008-09

INDUSTRY REPRESENTATIVES

Jill Wykes – Chair
Senior Vice President, Operations
Thomas Cook Canada
Toronto

Mike Foster – Vice Chair
President
Uniglobe Instant Travel
London

Carole Cooper
Vice President, Leisure North America
Flight Centre
Toronto, ON

Jeff Element
President
Travel Corporation Canada
Toronto

Denise Heffron
Vice President Commercial
Transat Holidays
Etobicoke

Thanushka Nanayakkara, CTM
President
NARAT Incorporated
Toronto, ON

Annika Klint *
Vice President
The Travel Network
Toronto

Simon Parry **
President
Helen Thompson Travel
Toronto, ON

David Shaw
President
Evans Intravel Inc
Orillia, ON

Scott Stewart
President
G. Stewart Travel Services Ltd.
Peterborough

Brett Walker
Operations Manager
Collette Tours
Toronto

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

Ministerial Appointments
Deborah Brown ***
Director - Sector Liaison Branch
Ministry of Small Business and Consumer Services
Toronto

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

Patricia Jensen
Board Member
Consumers Council of Canada
Toronto

Shaher Bano Noor, C.A., C.F.P.
Managing Partner
Rosenthal Pervez & Noor LLP Chartered
Accountants
Mississauga, ON

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

* Resigned Jul 21'08

** Removed Feb 24'09

*** Appointment expired Jan 31'09

**** Appointment expired Dec 14'08

Board Of Director Biographies

Jill Wykes

Jill is Senior VP, Operations with Thomas Cook. Jill has been with the Thomas Cook Canada group for 18 years in a variety of positions, initially joining Sunquest Vacations as VP Communications and Government Affairs. During her 17 years, Jill has managed Airport Services, Destination Services, Customer Service, National Sales, Resort Management and Call Centres for the Thomas Cook Canada tour operator and wholesale companies.

Jill is also responsible for leading crisis management and emergency response for Thomas Cook Canada.

Jill has also been very involved in the regulatory area in Canada, and has been active in the industry working with governments to shape legislation for many years. She currently serves on the boards and is chairman of the Travel Industry Council of Ontario (TICO) and CATO, the Canadian Tour Operator Association.

Prior to working in the travel industry, Jill was a journalist and was editor of Canada's travel trade journal, Travelweek Bulletin.

Mike Foster

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

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

Mike has also been involved in the submissions of proposed legislative changes by both ACTA and

TICO and is focused on bringing real, substantial and positive change to the travel industry. Mike is currently the Chairman for the ACTA Ontario Council and holds a seat on the ACTA National Board of Directors.

Carole Cooper

Carole Cooper joined Flight Centre as a retail consultant in Vancouver in 1998. In 1999, she was promoted to Team Leader and in March of 2000, she moved into the company's Human Resources department. Later that year, Carole became the Area Leader covering both Vancouver and Calgary. In 2002, she left the company to head up Travel Choice American Express & Sun Holidays branches but returned in August 2004 as General Manager for Retail Canada. Today, as Vice President, Carole's responsibilities include all retail operations for Canada. Carole currently sits on the ACTA Council in Ontario, the RBC Travel Advisory Board and the Travel Industry Council of Ontario (TICO) Board.

Jeff Element, CMA, CTM

Jeff Element is a graduate of the University of Toronto with an Honours Bachelor of Arts degree in Commerce and Economics. In 1995, he obtained his professional designation in management accounting from CMA Canada. Jeff celebrates his thirteenth anniversary with The Travel Corporation Group of Companies in 2009. He began his career with the company in the role of Financial Controller, with an eventual promotion to Vice President of Finance in 1998. Over time, Jeff became increasingly more involved in the other aspects of the business, including sales and marketing, operations and reservations, eventually coming to oversee several other departments, including Air Ticketing, Customer Service, Documentation and Information Technology. In 2006, he was appointed to the role of President for the Canadian operation. He is actively involved in the travel industry, having received his Certified Travel Manager designation in 2006 and being appointed to the Board of Directors for TICO in 2005 as a representative of the Canadian Association of Tour Operators.

Denise Heffron

2009, marks Denise Heffron's 16th year at Transat, Canada's largest integrated travel company. Denise holds the dual role of Vice-President Commercial, Transat Holidays / Nolitours and Vice-President, Na-

tional Accounts. She graduated from the University of Western Ontario with a Bachelor of Arts degree and began her career in the travel industry shortly thereafter. Denise is an active participant in the industry at large and serves on the TICO Board and as a representative of the Canadian Association of Tour Operators. She has been a member of the CATO executive for seven 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 E-commerce, Business Strategy and Governance Committees.

Thanushka Nanayakkara

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

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

Thanushka Nanayakkara holds College and University qualifications in Business and Cultural Studies, and is professionally accredited with the Canadian Institute of Travel Counsellors (CITC) as CTM.

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

A well regarded Public Speaker, his literary insights have been published in Canadian and international journals and since 2008 he publishes the professional advice column Experience Matters for Travel Agents in the Travel Courier magazine, one of Canada's leading travel trade publications.

S. Bano Noor, C.A., C.F.P.

Ms. S. Bano Noor is the Managing Partner of Rosenthal Pervez & Noor, LLP, a CA Firm in Mississauga, Ontario and practices in the areas of financial analy-

sis, assurance services, financial & tax planning, and risk management for a diverse portfolio of her clientele. She has worked in various capacities in regional and national accounting firms in the Greater Toronto Area for over 25 years. She has gained expertise in municipal audits, financial controls and reporting requirements to municipal councils and provincial governing bodies. Ms. Noor is a member in good standing of the Institute of Chartered Accountants of Ontario (ICAO), and is also a Certified Financial Planner (Canada), a Certified Management Accountant (US) and a Certified Public Accountant (US). She is currently the Treasurer of the executive board of Halton Peel Chartered Accountants Association where she has recently served as the Chapter President. Ms. Noor is a ministerial appointee on the TICO Board for a term of two years and is a member of the TICO Audit Committee.

Patricia Jensen

Patricia is a ministerial appointee on the TICO Board and, since December 2007 has served as Statutory Director. She sits on the Compensation Fund, Education Standards and Alternate Finance Committees of the Board. Patricia is also a member of the Consumers Council of Canada, and Chair of the Consumer Advisory Council of the Technical Standards and Safety Authority.

Prior to joining the TICO Board, Patricia served as consumer representative on the Bearing Point Travel Study Group examining consumer protection gaps in Ontario's *Travel Industry Act*. She has also represented the consumer perspective to consultations on the new Travel Industry Regulations and to the Consumer Measures Committee regarding all-in pricing in the airline industry. Patricia is Professor Emeritus, Ryerson University.

David Shaw

David caught the travel bug while working from 1979 to 1984 as a Senior Market Researcher for an international mining, metallurgical and processing equipment manufacturer. In 1984 an opportunity to purchase an agency was realized quickly followed by the purchase of a second agency in 1985. Elected President of the Huronia Independent Travel Agents Association in 1986 representing sixteen regional agencies and lead the merge with Travel T-Comm in 1988. While on the T-Comm Board and as President, oversaw growth from 66 to

234 agency members and from a regional to a national organization. As President of Travel T-Comm designed and oversaw the rebuilding of T-Comm Management structure. Was elected and served on the C-Star Board of Directors from 2002 to 2007 and to the TICO Board for a one year term in 2007, being reelected in 2008 for a further three year term. David has been active over the years in Rotary International, Ducks Unlimited wetland conservation, municipal politics, youth education initiatives, organizing sponsoring and coaching youth sports, City of Orillia BIA, Chamber of Commerce, Orillia Jazz Festival, Georgian College's Business Advisory Board and numerous other great organizations.

James R. Savary

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

Scott Stewart

Scott Stewart is co-owner and President of G. Stewart Travel Services Ltd. with full service Carlson Wagonlit Travel offices in Peterborough, Barrie, Belleville and Toronto (The Beach). Their family owned and operated agencies, since 1974, hold both retail and wholesale licenses. For 22 years Scott has been very involved in the travel industry. Currently serving TICO representing OMCA as their elected representative. He sits actively on the OMCA board as well as on the Canadian Advisory Council for Carlson Wagonlit Canada.

Brett Walker

Brett Walker began with Collette Vacations in 1988 and is currently the Operations Manager. Brett has been involved with TICO since 2001, previously serving two consecutive terms on the TICO Board of Directors having been elected at large. As well as his role as a Director on TICO's Board, he also serves as Chair of TICO's Governance Committee and is a member of the Legislative & Regulatory Review Committee. In the Spring of 2009, Brett graduated from the University of Guelph and completed his MBA with a specialty in (HTM) Hospitality & Tourism Management.

Kathleen Warren, CTM

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

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

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

Appendix III

STATUTORY APPOINTMENTS

Patricia Jensen
Statutory Director,
Travel Industry Act, 2002

Michael Pepper
Statutory Registrar,
Travel Industry Act, 2002

TICO STAFF

President & Chief Executive Officer
Michael Pepper
Director of Operations/ Chief Financial Officer &
Treasurer
Mary-Ann Harrison, C.A.

Manager, Administration & Claims
Dorian Werda

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

Legal Counsel
Soussanna Karas, LL.B.

Registration Co-ordinator
Cora Reyes

Registration Officer
Anabel Linhares
Paula Oliveira

Form 1 and Claims Co-ordinator
Lori Furlan

Complaints Officer
Barbara Wesley
Eric Neira

Compliance Officer
Rachel Palozzi
Tina Shewchuk

Client Services Representative
Jana Arthur

Financial Inspection Co-ordinator /
Financial Inspector
Hans Reitknecht, C.M.A.

Inspector,
Designated by the Registrar
Fred Angus, C.G.A.
Maria Descours, C.M.A.
Jack Foster, C.M.A.
Linda Gilbert, C.A.
Timothy James, C.G.A.

Provincial Offences Officer
Doug Fritz

Administrative Assistant
Susan Janko

Human Resources Officer
Silvia Rocha

Reception
Paula Ferreira

AUDITORS

McGovern, Hurley, Cunningham, LLP
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Toronto, Ontario M2J 5B4



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