



Travel Industry Council of Ontario

2019

ANNUAL REPORT
& BUSINESS PLAN



TABLE OF CONTENTS

Message From The Chair	1-2	Travel Industry Compensation Fund	28-30
Chief Executive Officer's Report	3-6	Claims and Repatriation	28
Mandate	7	Legal Matters	31
Mission, Vision, Values	8-9	Investigations and Prosecutions	31
Stakeholders/Services	10	Proposals to Revoke Registration	32
TICO Structure	11	Consumer Awareness Registrant Engagement	32-34
Organization	11	Corporate Social Responsibility (CSR)	34
Governance	11	French Language Services	35
Travel Industry Compensation Fund	12	Financial Review	36-39
Actuarial Study and Financial Assessment of Ontario's Travel Compensation Fund	12	Business Plan	
Risk Management	13	Environment	50-52
Financial Inspections	13	Strategic Plan	53
TICO Committees	14	Strategic Priorities for 2019/2020	54-56
Business Accomplishments 2018/2019	15-17	Balanced Scorecard	57-58
Balanced Scorecard Achievements 2018/2019	18-19	Future State	59
Additional Business Accomplishments	20	TICO Revenue and Expense Forecast	60
Operational Performance Review	21	Appendices:	
Registration	21	Appendix I – Audited Financial Statements	40
Education Standards	22	Appendix II – TICO Board of Directors	61-64
Complaint Handling Process	23-25	Appendix III – Statutory Appointments and TICO Leadership Team	65-66
Financial Inspections	26		
Compliance (Non-financial)	27		



MESSAGE FROM CHAIR

June 25, 2019

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



Dear Minister Walker,

I'm pleased and honored to provide my report on another successful year for the Ontario travel marketplace. TICO's role in ensuring consumer protection remains a top priority, as we work to enhance consumers' awareness of TICO's services and support the industry through education, support and ongoing communication.

Our accomplishments over the past year continue to reflect the result of a healthy and collaborative relationship with industry and government. We remain committed to improving the consumer protection available to Ontarians, while modernizing the regulatory model and finding ways to reduce the regulatory burden on business.

Legislation that meets the evolving needs of consumers and industry

Since the passing of the *Strengthening Protection for Ontario Consumers Act, 2017*, TICO with the oversight of the Board of Directors (Board), has worked tirelessly to make an impact in three areas. To strengthen the consumer protection model, to seek tangible opportunities to reduce burden on Ontario businesses and to enhance the effectiveness and efficiency of TICO as regulator.

Our goal is clear: work collaboratively with government and stakeholders to modernize the legislation to meet evolving consumer demands and new challenges facing the marketplace for years to come.

Enhancing the Compensation Fund

TICO turned its attention to future amendments to enhance the industry-financed Compensation Fund (Fund) – the cornerstone of TICO's consumer protection framework. Industry has also been actively pursuing similar enhancements to the Fund.

Following completion of the current regulatory review, we appreciate the opportunity to continue an open dialogue with the government concerning changes to the compensation fund framework.

In the meantime, the Board continues to provide oversight and strategic direction to management to ensure the goals of the current regulatory review are a success.

Mitigating risk in an ever-changing marketplace

Ontario registrants collectively had another record sales year, despite many headwinds facing the market. TICO also performed well. Increased risks, associated with a slowing economy, increased consumer advocacy, technological change and evolving business models influenced TICO and the travel industry more broadly.

As a Board, we remain focused on an enterprise risk framework model to ensure that TICO's strategic priorities address these risks and mitigate them appropriately. For example, with the continued emergence of cyber security as a key risk facing

all organizations, I'm pleased with the progress and activities by our Board and management in this area.

A focus on governance

Strong and effective governance is a key goal of this Board and we remain committed to the recommendations made in the recent governance review. The Board continues to focus on the key strategic and policy direction of the organization, while seeking ways to enhance governance through best practices and self assessment. In that regard, this year's Annual General Meeting (AGM) will mark an important change for the TICO Board. Following the AGM, the size of the Board will be reduced from fifteen to eleven members, aimed at even greater efficiency and effectiveness. This is just one of many actions taken by the Board in the spirit of continuous improvement and good governance.

Recognition

In looking back at the past year, I'm particularly proud of the Board and the dedication and commitment from each member. Serving as a Director on the TICO Board requires tremendous focus, effort and passion to ensure consumer protection is always at the forefront, and from that a prosperous industry.

Following the AGM, we will be a smaller Board, saying good-bye to several colleagues and friends. I'd like to express my sincere appreciation for their contributions to TICO over the years and towards advancing consumer protection in this great province.

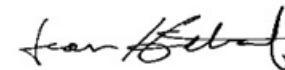
Similarly, I'd like to express my gratitude to you, Minister Walker, for your support and for the strong collaboration between your team and TICO's management as we move forward with our important mandate.

To all the employees at TICO, on behalf of the Board, thank you for your hard work in ensuring consumers are provided the protection they deserve, and the industry the support to succeed.

Lastly, it has been my great pleasure to lead the Board in providing strategic guidance to management to ensure TICO's important consumer protection mandate is aligned for the future.

Yours truly,

Travel Industry Council of Ontario



Jean Hébert
Chair of the Board of Directors

MESSAGE DU PRÉSIDENT DU CONSEIL

Le 25 juin 2019

L'honorable Bill Walker
Ministre des Services gouvernementaux et des Services aux consommateurs
6e étage, Bloc Mowat
900 rue Bay
Toronto, Ontario, M7A 1L2



Monsieur le Ministre Walker,

C'est avec plaisir et fierté que je vous présente mon rapport sur une autre année remplie de succès pour le marché des voyages en Ontario. Le rôle que joue TICO à assurer la protection du consommateur demeure une priorité, alors que nous continuons à sensibiliser les consommateurs aux services de TICO et à appuyer l'industrie par de l'éducation, du soutien et une communication constante.

Nos réussites dans la dernière année reflètent une relation saine et coopérative avec l'industrie et le gouvernement. Nous demeurons dévoués à améliorer la protection aux consommateurs ontariens, tout en modernisant le modèle de réglementation et en trouvant des façons de réduire le fardeau réglementaire pour les entreprises.

Des lois adaptées aux besoins changeants des consommateurs et de l'industrie

Depuis l'adoption de la *Loi de 2017 sur le renforcement de la protection des consommateurs ontariens*, TICO, sous la surveillance de son conseil d'administration, travaille sans relâche à assurer un impact dans trois champs d'intervention : renforcer le modèle de protection du consommateur, chercher des occasions tangibles de réduire le fardeau des entreprises ontariennes, et accroître l'efficacité et l'efficience de TICO en tant que régulateur.

Notre objectif est clair : travailler en collaboration avec le gouvernement et les parties prenantes pour moderniser les lois afin de répondre aux demandes des consommateurs et aux nouveaux défis auxquels le marché sera confronté pour les années à venir.

Augmenter le Fonds de compensation

TICO consacre maintenant son attention aux amendements futurs pour augmenter le Fonds de compensation (Fonds) financé par l'industrie, véritable pierre angulaire de l'infrastructure de protection du consommateur qu'offre TICO. Les gens de l'industrie souhaitent voir des changements semblables apportés au Fonds.

Une fois l'examen réglementaire en cours terminé, nous apprécions l'opportunité qui nous est donnée de poursuivre un dialogue ouvert avec le gouvernement au sujet des modifications à apporter au cadre du fonds d'indemnisation.

Entretiens, le conseil continue d'offrir une surveillance et une direction stratégique à la direction afin d'assurer l'atteinte des objectifs de l'examen réglementaire.

Réduire le risque dans un marché constamment en évolution

Les entreprises enregistrées en Ontario ont collectivement connu une autre année record au niveau des ventes, malgré les nombreux vents contraires auxquels fait face le marché, ce qui a donné lieu à une bonne année pour TICO également. Les risques croissants, associés à une économie plus lente, une protection du consommateur grandissante, les changements technologiques et les modèles d'affaires en évolution ont tous eu une influence sur TICO et sur l'industrie du voyage en général.

En tant que conseil, nous demeurons axés sur un modèle de cadre de gestion des risques d'entreprise afin d'assurer que les priorités stratégiques de TICO abordent ces risques et les

atténuent en conséquence. Par exemple, avec l'émergence croissante de la cybersécurité comme risque clé auquel font face les organisations, je suis heureux des progrès rapportés et les activités de notre conseil et notre direction à cet égard.

L'accent sur la gouvernance

Une gouvernance forte et efficace est l'un des objectifs clés de ce conseil, et nous demeurons engagés envers les recommandations émises dans l'examen de la gouvernance effectué récemment. Le conseil continue de veiller aux stratégies et orientations clés de l'organisme, tout en cherchant des façons d'améliorer la gouvernance par l'entremise de meilleures pratiques et d'auto-évaluation. À cet égard, l'assemblée générale annuelle (AGA) marquera un changement important au sein du conseil d'administration de TICO. À la fin de l'AGA, la taille du conseil d'administration passera de quinze à onze membres, dans un souci d'efficience et d'efficacité. Il s'agit d'une action parmi plusieurs menées par le conseil dans une optique d'amélioration continue et de bonne gouvernance.

Reconnaissance

En repassant la dernière année, je suis particulièrement fier du conseil d'administration et de la détermination et du dévouement de chaque membre. Siéger au conseil d'administration de TICO demande énormément de concentration, d'effort et de passion pour assurer que la protection du consommateur est toujours mise de l'avant, et de là assurer une industrie prospère.

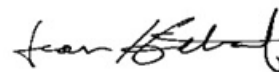
Une fois l'AGA terminée, notre conseil d'administration sera plus petit, et nous dirons au revoir à plusieurs collègues et amis. J'aimerais exprimer ma sincère appréciation pour leurs contributions à TICO au fil des ans qui ont fait progresser la protection au consommateur dans cette grande province.

De même, je souhaite vous témoigner ma reconnaissance, Ministre Walker, pour votre soutien et pour la grande collaboration entre votre équipe et la direction de TICO alors que nous allons de l'avant avec ce mandat important.

À tous les employés de TICO, au nom de tout le conseil, merci pour tout votre excellent travail à assurer que les consommateurs reçoivent la protection qu'ils méritent, et que l'industrie reçoit le soutien nécessaire pour réussir.

Enfin, ce fut pour moi un grand plaisir d'être à la tête de ce conseil d'administration qui a offert un accompagnement stratégique à la direction pour assurer que le mandat important de protection des consommateurs est bien aligné sur l'avenir.

Bien à vous,



Jean Hébert
Président du conseil d'administration
Travel Industry Council of Ontario

CHIEF EXECUTIVE OFFICER'S REPORT



EXECUTIVE SUMMARY

With the conclusion of fiscal 2018-2019, it is fitting that we look back at the accomplishments, work-in-progress and challenges facing consumers, registrants and TICO as the travel regulator in this great province.

As travel continues to represent a truly global industry, TICO must continuously find innovative ways to be a progressive regulator.

That means increasing consumers' awareness and understanding of the protection available to them when purchasing travel through an Ontario registrant.

And, it means supporting registrants with education and tools to conduct their business effectively, while operating within the rules.

Enhancing consumer awareness

We are fortunate to operate in a large, diverse province - one where consumers increasingly use the internet and online booking engines to research and complete their travel purchase. With the borderless nature of online retail, consumers have a myriad of options competing for their travel dollar, including out-of-province non-registrant websites.

TICO's consumer awareness campaign is perhaps our most important strategy, aimed at ensuring consumers know the benefits and protection available when they purchase their travel from an Ontario registrant.

During 2018-2019, TICO embarked on an innovative, fully-digital campaign using three new video advertisements targeting young adults, families and snowbirds.

The video advertisements were complemented by banner advertisements, search engine marketing and social media content to further extend TICO's message to Ontarians.

The results show that the campaign is already making an impact. A digital survey executed following the campaign marked a 23% increase in overall consumer awareness. For more details about the consumer campaign, flip to page 32.

We learned a great deal during this initial campaign, and we are equally excited over the evolving tactics for the year ahead.

In addition to the digital campaign, TICO staff were busy reaching consumers face-to-face at trade shows, learning events, through traditional media outlets and other speaking engagements.

Enhancing our relationship with registrants

TICO's registrants are central to ensuring consumers who buy travel understand and embrace the protection available to them. In practice, we see Ontario registrants as "ambassadors" for our overall consumer awareness message.

Our digital campaign focused on the all-important "asterisk" and the importance of attending to details to ensure your travel purchase is a success.

Our key message is to always book your travel with a registrant or through their website to ensure you understand the details of your booking and avoid any significant surprises.

We also used online advertising to warn consumers who may unknowingly book with an out-of-province non-registrant and directed them to Ontario registrants to ensure they received the consumer protection they deserve.

And, we supported registrants by delivering helpful webinars and seminars aimed at improving their understanding of the underlying travel legislation. Feedback was excellent.

Modernizing our legislation

The travel marketplace continues to evolve, and it's important for the regulations to keep pace. TICO has been working with stakeholders to advance the regulatory enhancements identified in TICO's early recommendations to the government, following passage of the Strengthening Protection for Ontario Consumers Act, 2017. While progress has been limited so far, I'm pleased to report the continued focus of TICO's Board of Directors and management in analyzing the options and complexities of anticipated changes.

Recently, TICO management and the government have re-engaged in regulatory discussions with the goal of consulting on regulatory amendments later in 2019.

Delivering on our consumer protection mandate

It was a very busy year for TICO staff. We experienced an unfortunate registrant failure that impacted thousands of travellers during the busy summer period and beyond.

Sinorma Holidays Inc. voluntarily submitted their termination following challenges faced by their Quebec parent company. This was a complex registrant failure, crossing provincial boundaries, involving multiple regulators at the provincial and federal levels, and suppliers where English was not the primary language.

Through experienced staff and with strong cooperation across various organizations, consumers were kept informed and, most if not all, have been refunded their travel purchase through their credit card companies or the Compensation Fund. I'm pleased over the customer service and leadership demonstrated by TICO staff during this challenging failure.

By the numbers

TICO's financial performance was strong this past year, outperforming budget expectations and exceeding last year's results. A sign of another strong year for the travel industry as a whole, TICO exceeded budgeted revenue expectations and incurred slightly lower expenses. In total, TICO will add an additional \$1.75 million to the Compensation Fund. The latter is especially important considering the recommendation for an even larger Compensation Fund, as reported in the Deloitte Consulting actuary study update commissioned earlier in the fiscal year.

On the move

TICO relocated its head office this year to a new location, just down the road from our original office, used since TICO's inception in 1997. The new head office embraces technology, using wireless and VOIP communications, and provides a collaborative work environment to better enable employees to be efficient and effective. The relocation was completed in-scope, on budget and on-time.

A look ahead

The year finished by working with TICO's Board of Directors on a 'refresh' of our three-year strategic plan, where we remain committed to a modernized legislative framework and advancing the recommendations made earlier during the comprehensive regulatory review.

I am excited over these enhancements to Ontario's future consumer protection model and to working with all stakeholders to ensure Ontario remains a vibrant place to do business.

In closing, I would once again like to express my appreciation to the Board of Directors for their continued guidance and support. In addition, we could not have accomplished what we did this past year without the wonderful team at TICO. Our team remains unwavering in its support of TICO's corporate values and in ensuring consumers receive the best in the consumer protection available to them. It has continued to be an honour to serve our stakeholders this past year, and I remain excited over the opportunities ahead.

Yours truly,
Travel Industry Council of Ontario



Richard Smart
President & CEO

RAPPORT DE LA DIRECTION GÉNÉRALE



SOMMAIRE EXÉCUTIF

À la fin de l'année financière 2018-2019, le moment est opportun de repasser les accomplissements, les projets en cours et les défis auxquels font face les consommateurs, les membres et TICO en tant que régulateur de voyage dans cette grande province.

Comme l'industrie du voyage demeure véritablement mondiale, TICO doit constamment trouver des façons innovatrices de demeurer à l'avant-garde comme régulateur.

Ceci veut dire sensibiliser et éduquer les consommateurs au sujet de la protection qui leur est offerte s'ils achètent leur voyage d'un agent autorisé ontarien.

Ça veut également dire appuyer nos entreprises avec de l'information et des outils pour diriger leurs affaires de façon efficace, tout en opérant dans les règles.

Sensibiliser davantage les consommateurs

Nous avons la chance d'opérer dans une grande province diversifiée, où les consommateurs utilisent de plus en plus Internet et les outils de réservation numériques pour faire leurs recherches et acheter leur voyage. En raison de la nature sans frontières du monde numérique, les consommateurs ont une panoplie d'options qui cherchent toutes à obtenir leur argent, dont des sites web à l'extérieur de la province qui ne sont pas enregistrés.

La campagne de sensibilisation menée par TICO auprès des consommateurs est un outil clé et une stratégie importante, visant à informer les consommateurs des avantages et de la protection qui leur est offerte s'ils achètent leur voyage d'un agent autorisé ontarien.

En 2018-2019, TICO a lancé une campagne innovatrice entièrement numérique axée sur trois nouvelles publicités vidéo visant les jeunes adultes, les familles et les retraités migrants. Les publicités vidéo étaient accompagnées de bandes publicitaires, de marketing par moteur de recherche, et de contenu sur les réseaux sociaux pour permettre à TICO d'atteindre encore plus d'Ontariens.

Les résultats démontrent que la campagne connaît déjà du succès. Un

sondage numérique qui a suivi la campagne a noté une augmentation de 23 % au niveau de la sensibilisation globale du consommateur. Pour plus de détails sur la campagne auprès des consommateurs, tournez à la page 32.

Nous avons beaucoup appris au cours de cette campagne initiale et nous demeurons dévoués à accroître la sensibilisation des consommateurs de façon rentable et efficace, en équilibre avec d'autres priorités.

En plus de la campagne numérique, l'équipe de TICO a été occupée à interagir avec les consommateurs en personne aux salons professionnels, aux événements d'apprentissage, par les médias traditionnels ainsi que d'autres occasions de prendre la parole.

Bonifier notre relation avec les membres de l'industrie

Les agents autorisés de TICO jouent un rôle clé en assurant que les consommateurs qui achètent des voyages comprennent et acceptent la protection qui leur est offerte. En pratique, nous voyons les membres en Ontario comme des « ambassadeurs » pour notre message de sensibilisation générale.

Notre campagne numérique était axée autour du fameux « astérisque » et de l'importance de veiller aux détails afin que votre achat de voyage soit un succès.

Notre message clé est de toujours réserver votre voyage à travers un agent autorisé ou leur site web afin d'assurer que vous compreniez les détails de votre réservation pour éviter de mauvaises surprises.

Nous avons également eu recours à des publicités numériques pour avertir les consommateurs qui pourraient sans le savoir réserver leur voyage auprès d'une agence hors province et les rediriger vers des agents autorisés ontariens pour assurer qu'ils reçoivent la protection du consommateur qu'ils méritent.

Nous appuyons également nos agences en offrant des séminaires et webinaires utiles pour améliorer leur compréhension des lois sous-jacentes entourant les voyages. Les impressions des participants étaient excellentes.

Moderniser nos lois

Le marché du voyage continue à évoluer, et il est essentiel que les régulateurs

restent à jour. TICO travaille étroitement avec les parties prenantes pour faire avancer les améliorations réglementaires identifiées dans les premières recommandations de TICO au gouvernement, en réponse à l'adoption de la Loi de 2017 sur le renforcement de la protection des consommateurs ontariens. Bien que le progrès ait été limité jusqu'à présent, je suis heureux de rapporter que le conseil d'administration et les gestionnaires de TICO demeurent aussi dévoués à analyser les options et les complexités des changements anticipés.

Récemment, la direction de TICO et le gouvernement ont réamorcé des discussions réglementaires dans l'optique de se consulter pour des modifications réglementaires plus tard en 2019.

Exécuter notre mandat de protection du consommateur

Ce fut une année très occupée pour l'équipe de TICO. Nous avons vécu un regrettable échec d'une entreprise qui a eu un impact sur des milliers des voyageurs pendant la période estivale occupée, et même au-delà.

Sinorama Holidays Inc. a volontairement cessé ses opérations suite aux défis que vivait l'entreprise mère au Québec. Ce fut une situation de fermeture complexe, qui traversait les frontières provinciales et impliquait de nombreux régulateurs provinciaux et fédéraux, ainsi que des fournisseurs dont l'anglais n'était pas la langue première.

Grâce à des employés expérimentés et une forte coopération entre divers organismes, les consommateurs ont pu demeurer informés, et la majorité, pour ne pas dire la totalité, ont reçu un remboursement pour leur voyage à travers leur compagnie de carte de crédit ou le Fonds de compensation. Je suis fier du service à la clientèle et du leadership dont ont fait preuve les employés de TICO lors de cette fermeture.

Parlons de chiffres

TICO a connu un rendement financier fort dans la dernière année, surpassant les prévisions budgétaires, ainsi que les résultats de l'année dernière. Un autre signe d'une bonne année pour l'industrie du voyage en général, TICO a surpassé les prévisions de revenus et a connu un peu moins de dépenses. Au total, TICO ajoutera 1,75 \$ millions au Fonds de compensation, ce qui est particulièrement important compte tenu de la recommandation d'augmenter le Fonds de compensation, comme indiqué dans la mise à jour de l'étude des actuaires Deloitte Consulting qui avait été commandée plus tôt dans l'année financière.

On déménage

TICO a déménagé son siège social à un nouvel emplacement situé sur la même rue que notre bureau original, utilisé depuis la création de TICO en 1997. Le nouveau siège social est à la fine pointe de la technologie, utilisant des communications sans fil et VOIP et offrant un environnement de travail collaboratif qui permet aux employés d'être plus efficaces et efficaces. Le déménagement a été réalisé dans les délais et les budgets prévus.

Un regard vers l'avenir

L'année s'est terminée en travaillant avec le conseil d'administration de TICO à «rafraîchir» notre plan stratégique de trois ans, où nous demeurons engagés envers un cadre législatif moderne, ainsi qu'à faire avancer les recommandations émises plus tôt dans le cadre de l'examen approfondi de la réglementation.

Je suis enthousiaste à l'idée de ces améliorations au futur modèle de protection du consommateur en Ontario et de travailler de pair avec toutes les parties prenantes pour assurer que l'Ontario demeure un lieu dynamique où faire affaire.

En conclusion, j'aimerais une fois de plus exprimer ma reconnaissance au conseil d'administration pour leurs conseils et leur soutien continu.

De plus, nous n'aurions jamais pu accomplir tout ce que nous avons fait dans la dernière année sans la merveilleuse équipe de TICO. Notre équipe adhère aux valeurs de TICO et s'assure que les clients reçoivent la meilleure protection aux consommateurs possible. Ce fut un honneur de servir nos parties prenantes dans la dernière année, et j'envisage les opportunités à venir d'un bon œil.

Bien cordialement,



Richard Smart
Président et CEO

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

Registrant: A registrant is defined as a travel agent or a travel wholesaler who is registered as a travel agent or a travel wholesaler or as both under the *Travel Industry Act, 2002*.

Travel Wholesaler: A travel wholesaler is defined as a person who acquires rights to a travel service for the purpose of resale to a travel agent or who carries on the business of dealing with travel agents or travel wholesalers for the sale of travel services provided by another person.

Travel Agent: A travel agent is defined as a person who sells to consumers, travel services provided by another person.

Non-Registrant: An organization which supplies travel services, but is not registered in Ontario including (but not limited to):

- Travel wholesalers and travel retailers not located in Ontario.
- Companies which sell to clients in Ontario by means of advertising, the internet or toll-free phone line, but where the home base or call centre is not located in Ontario.
- End suppliers (e.g. airlines, hotels, rail services, cruise lines), which may or may not be located in Ontario.



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

MANDATE

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

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

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

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



Vision & Mission

VISION STATEMENT

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

MISSION STATEMENT

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



Regulat'on



Mon'tor'ng



Refunds



Compla'nts



Educat'on



VALUES

Efficiency

We drive value through continuous improvement and cost effectiveness.

Leadership

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

Accountability

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

Service Excellence

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

Teamwork

We are one team, knowledgeable and experienced working together.

Innovation

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

Communication

We build trusting relationships as an authority in Consumer Protection.



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

STAKEHOLDERS

TICO works with stakeholder groups including:

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

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

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

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

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

- The Canadian Association of Tour Operators (CATO)
- The Association of Canadian Travel Agencies (ACTA)
- The Ontario Motor Coach Association (OMCA)

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

SERVICES

The services delegated to TICO to provide are detailed below.

Registration

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

Consumer Protection

- Administering the Ontario Travel Industry Compensation Fund.
- Financial Inspections:
 - financial compliance reviews of registrants to minimize risk to consumers.
 - site inspections to identify registrants that pose a financial risk.
- Compliance: utilizing administrative compliance measures to ensure that registrants correct deficiencies that have been identified in areas such as advertising regulations, terms and conditions of registration and disclosure to consumers (e.g. conditions of booking). Identify and bring into compliance unregistered travel sellers operating in Ontario and selling travel services to consumers in contravention of the *Travel Industry Act, 2002*.
- Investigations: investigating instances of suspected breaches of the Act, which could result in prosecution.
- Enforcement: suspensions, proposals to revoke registrations, laying charges under provincial statutes and referrals to criminal authorities.
- Consumer inquiries.
- Consumer education.

Complaint Resolution

- Resolving complaints:
 - between consumers and registrants
 - between consumers and TICO
 - between registrants and TICO
- Where complaints have not been resolved, providing information on other options. The process is outlined in more detail on page 23.

Government Liaison

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

Additional Responsibilities

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

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

TICO Structure

Organization

TICO is a not-for-profit corporation financed through fees from its approximately 2,360 travel retail and wholesale registrants. The Ministry of Consumer and Commercial Relations delegated responsibility for the administration to TICO in June 1997. The *Travel Industry Act, 2002 (the Act)* governs Ontario travel retailers and wholesalers and provides for the operation of a travel industry Compensation Fund. The Ministry of Government and Consumer Services (the Ministry) is currently responsible for the Act and Ontario Regulation 26/05 (the Regulation).

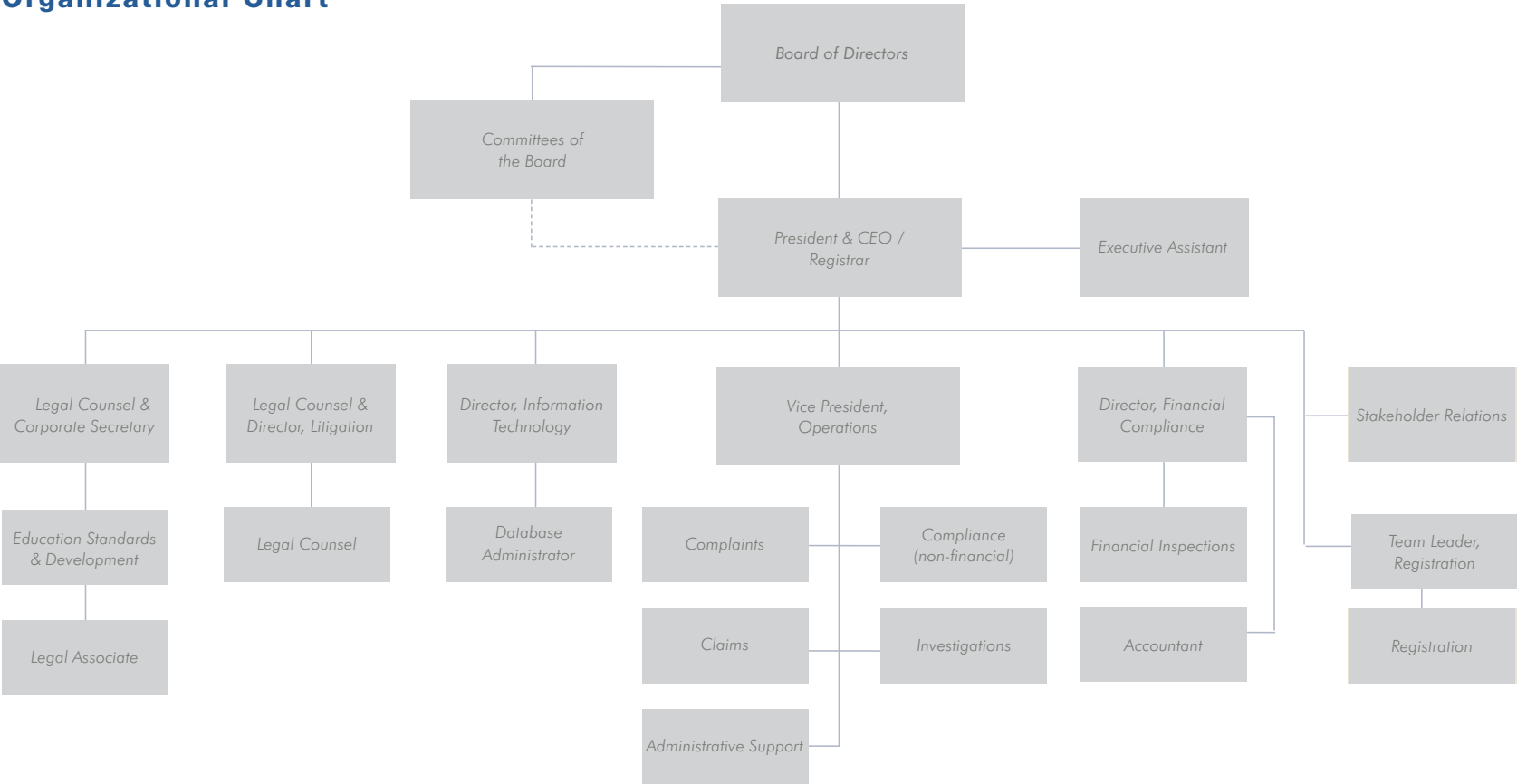
Governance

The TICO Board of Directors consists of fifteen members. There are three individuals appointed by the Association of Canadian Travel Agencies (ACTA), three from the Canadian Association of Tour Operators (CATO) and one from the Ontario Motor Coach Association (OMCA) and five appointed by the Minister of Government and Consumer Services. There are also three members that are elected by the industry at large. During the year, TICO's Board of Directors reviewed and updated the set of competencies, desired collectively across the Board of Directors, to enhance overall governance practices. More information regarding these competencies can be found on TICO's website.

(See Appendix II - TICO Board of Directors)

More information on the governance for Directors is available on TICO's website at www.tico.ca.

Organizational Chart



Remuneration of Board and Committee Members (Per Diems)

TICO’s by-laws provide for the remuneration of Directors. The Board has approved the following levels of remuneration effective April 1, 2018, which will be adjusted annually with the Consumer Price Index (CPI):

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

Board Meetings:

Chair	\$491
Vice-Chair	\$387
Member	\$317

Committee Meetings:

Committee Chair	\$317
Committee Member	\$245
Statutory Director / Deputy	\$5,882 /annum
Statutory Director under the Act*	

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

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

The per diem is the amount payable for work periods in excess of three hours. If the work period is less than three hours, one-half of the established per diem is paid. Preparation time may be included in the calculation of hours. In addition, board and committee members may claim for travelling expenses such as mileage or accommodation for which set rates have been approved. The Remuneration Policy also allows board members spending over 2 hours in total for travel time to and from TICO, for the purpose of attending to TICO business, to receive the current per diem rate plus 50% of the per diem rate.

Ontario Travel Industry Compensation Fund

Background on the Ontario Travel Industry Compensation Fund

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

Management of the Compensation Fund

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

Section 51 of Ontario Regulation 26/05 provides that the affairs of the Compensation Fund shall be administered and managed by the TICO Board of Directors.

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

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

Fund Financing

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

Surplus Funds

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

Actuarial Study and Financial Assessment of Ontario’s Travel Compensation Fund

Deloitte was commissioned in 2017 to perform an Actuarial Study and Financial Assessment on the industry financed Travel Compensation Fund. Deloitte examined the fund balance and determined the appropriate future fund balance.

The analysis was stressed tested for expected future claims and for catastrophic loss scenarios. The financial modelling was further analyzed by giving consideration to the current claims process, identifying and understanding impacts of various risks, assessing the probability and impact of large losses and exploring alternative risk transfer mechanisms, such as reinsurance.

In 2018, Deloitte was retained to update the study to provide stakeholders a more current analysis of the industry financed Compensation Fund (“Fund”) and the required future targeted balances needed to sustain the Fund. Deloitte’s scope also included a structural review of the Fund, including an assessment of appropriate future funding methodology and the impact of large and catastrophic losses.

The updated study was integral to the recommendations TICO made to the Ministry, Government and Consumer Services related to the regulatory reform that is underway.

The key findings of the updated Deloitte’s study were:

- The current structural design of the compensation fund is insufficient to support consumers in 10-15 years;
- A target fund balance of \$50 million is recommended, noting new versions of Deloitte’s analysis supporting higher Fund levels, closer to \$60 million.
- An optimal approach to provide necessary fund growth is for TICO to increase registrant fees and deploy a Consumer Protection fee levied to consumers;
- A large registrant failure would significantly impact the Fund and expose TICO to financial risk.
- Based on the analysis, TICO needs to prepare for large and catastrophic losses, despite their rarity of occurrence and be prepared to cover a loss between \$20M and \$183M.

Deloitte’s recommendations were clear that more cooperation between registrants, industry and government was necessary to ensure consumers were protected consistent with the mandate required of TICO.

Claims

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

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

The Director under the *Travel Industry Act, 2002* may direct payment out of the Fund of up to an additional \$2 million where immediate funds and facilities are necessary for the repatriation and accommodation of customers of registrants who are outside of Ontario. When customers of registrants are preparing for immediate departure and have been placed in circumstances where funds are required to alleviate suffering or to protect the interests of the Fund, the Director may pay out of the Fund an amount sufficient to enable such departure, up to a maximum of \$5,000 per person.

Appeal of Decisions

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

Risk Management

In accordance with its Enterprise Risk Management Policy, the Board of Directors (Board) and TICO's Leadership Team strive to identify, assess and manage risks that may affect TICO's ability to achieve its goals. The Board is responsible for the overall risk appetite of the organization. Risk appetite is defined as the total exposed amount that TICO, as an enterprise, wishes to undertake based on a risk-return trade-off in relation to its strategic goals. The Audit, Technology and Risk Management Committee of the Board has responsibility for the oversight of the Enterprise Risk Management Policy and makes recommendations to the Board of Directors.

Risks are ranked in accordance with impact and the likelihood of occurrence. Risk champions within the organization are responsible for overseeing these risks and taking appropriate action. Priority risks are regularly monitored by assigned Committees of the Board as part of the governance function. Various risk mitigation strategies are considered and implemented by management to mitigate risks accordingly.

The Board is satisfied that TICO's risk management framework and practices are effectively implemented and facilitating the organization with achieving its mandate.

Financial Inspections

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

TICO Committees

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

Audit, Technology & Risk Management Committee (Chair: Rick Edwards)

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

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

- Audit
- Accounting and Finance
- Technology
- Risk Management

Business Strategy Committee (Chair: Ian MacMillan)

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

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

Governance and Human Resources Committee (Chair: Lorraine Nowina)

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

- Corporate Governance
- Human Resources
- Complaints against TICO

Legislative and Regulatory Modernization Committee (Chair: Jean Hébert)

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



BUSINESS ACCOMPLISHMENTS 2018 - 2019

CONSUMER PROTECTION

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

BUSINESS OBJECTIVES	PERFORMANCE MEASURES 2018/2019	ACTIVITIES & ACCOMPLISHMENTS
Provide advice and advance regulatory reform.	In collaboration with the Ministry and in consultation with stakeholders identify and address the opportunities for modernization of Ontario Regulation 26/05 for the purpose of modernizing the consumer protection legislation.	Maintained communications and continued regular scheduled meetings with Ministry including meetings with the Minister and Deputy Minister. All key areas of regulatory reform were reviewed including TICO/RECO regulatory overlap with respect to short-term accommodation rentals and information and feedback provided to assist the Ministry with the proposed regulatory changes. Legislative & Regulatory Modernization Committee met to provide guidance and oversight in the development of recommendations to the Board of Directors in relation to reform of the Act and Regulation.
Conduct a comprehensive review of the industry financed Travel Compensation Fund.	With consideration of the 2017 Deloitte Actuarial Study and Financial Assessment identifying a shortfall in funding and protection of Ontario's Travel Compensation Fund, develop an action plan that considers alternative methods of financing the Fund and closing the gap in consumer protection	Retained the services of Deloitte to update the 2017 actuarial analysis as to the required future targeted balances needed to sustain the industry financed Compensation Fund. More information regarding the actuarial study may be found on page 12.
Establish an action plan for effective implementation and enforcement of legislative and regulatory changes	Assess the implications of any legislative and regulatory changes and develop an action plan with operational priorities, funding requirements and service commitments to ensure TICO effectively administers and enforces the consumer protection legislation in Ontario.	This objective was not commenced as TICO is awaiting the outcome and timing of the proposed legislative and regulatory changes to assess the implications and priorities to produce an action plan. Preliminary discussions underway with the Ministry about outstanding questions to inform potential changes to the Regulation.
Design and development of a streamlined and cost-effective framework for individual registration.	Design and develop a framework, policy and module for a cost efficient online registration and renewal process for individual travel counsellors.	Legislative & Regulatory Modernization Committee has commenced discussions regarding future operational requirements and implementation of individual registration. Development of an online registration process has commenced.
Design and development of a program for administrative monetary penalties.	Design and develop a framework for the effective administration of monetary penalties using best practices from other public sector organizations.	Legislative & Regulatory Modernization Committee have commenced discussions regarding the framework and implementation of administrative monetary penalties (AMPs).

BUSINESS ACCOMPLISHMENTS 2018 - 2019

AWARENESS AND EDUCATION

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

BUSINESS OBJECTIVES	PERFORMANCE MEASURES 2018/2019	ACTIVITIES & ACCOMPLISHMENTS
Continue to build and enhance consumer awareness in Ontario.	Continue to build and enhance a series of comprehensive activities aimed at increasing consumer awareness of TICO's role and the consumer protection in Ontario.	TICO's 2018-2019 Consumer Awareness Campaign strategy included a new creative concept and the production of three new 15 and 30 second video advertisements along with complimentary display ads to support the digital media strategy to build consumer awareness in Ontario. The strategy included digital advertising, video assets, social media and public relations. The Campaign strategy also included several five second ads running on 10 screens in the PATH system in downtown Toronto. TICO continued its monthly blog in Metroland publications providing information and tips about travel and consumer protection in Ontario. In November 2019, the Toronto Star distributed a copy of Horizon Magazine which featured a one-page advertorial about TICO. During the fiscal year TICO conducted 21 media interviews (print, television and radio) which resulted in coverage promoting TICO and the benefits of booking with Ontario registered travel agencies and websites. An aided omnibus survey was conducted. Of the consumers surveyed in Ontario, 33% of consumers indicated awareness of TICO in 2018-2019 compared to 34% in the previous year. Transitioning to a new online survey approach, unaided surveys conducted resulted in awareness of TICO increased to 17%, a 23 % increase from the baseline measure. In addition, 14% of Ontarians could name TICO as the provincial travel regulator TICO attended 7 consumer trade shows throughout Ontario and conducted 11 speaking engagements with consumers to increase awareness of TICO, its services and the consumer protection available in Ontario. More information about TICO's Consumer Awareness Campaign activities and campaign measurement may be found on page 32.
Drive registrant engagement and improve TICO's value proposition to registrants.	Through continuous and meaningful engagement and communications with registrants, identify key drivers of TICO's value proposition and initiatives to improve.	Working with TICO's marketing partner, registrant engagement, through a digital strategy was mostly under development during the fiscal year and will be an integral element of the 2019/2020 campaign. TICO continued to engage registrants and industry stakeholders by conducting 19 educational webinars and 5 speaking engagements on timely issues to industry stakeholders. The webinars included topics that ranged from financial compliance including registrant obligations with trust accounting and other financial requirements to other specific areas of compliance such as advertising, disclosure, invoicing as well as the tools and resources available on TICO's website. More information regarding registrant engagement may be found on page 33.
Establish a communications strategy, including consultation associated with legislative and regulatory changes.	Develop a communications strategy and corresponding consultation process to educate and inform all stakeholders regarding any legislative and regulatory changes.	This objective was not commenced as TICO is awaiting the outcome and timing of the proposed legislative and regulatory changes to assess the implications and priorities to produce a communications strategy.
Establish a renewed partnership with an education service delivery provider.	Modernize TICO's education platform to enhance the service delivery of the Education Standards program.	Through a strategic alliance, TICO launched a new enhanced online e-learning education service delivery platform. The online platform provides a modern delivery of TICO's Education Standards registration and exam process which includes virtual proctoring, flexibility in the time and location to take the exam and expedited exam results.

BUSINESS ACCOMPLISHMENTS 2018 - 2019

ORGANIZATIONAL EFFECTIVENESS

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

BUSINESS OBJECTIVES	PERFORMANCE MEASURES 2018/2019	ACTIVITIES & ACCOMPLISHMENTS
Enhance security protocols and protection across TICO system infrastructure.	Educate and raise awareness across stakeholders of cyber security risks, combined with analysis of existing system vulnerabilities, all aimed at minimizing unauthorized access, data breaches and risk mitigation in the event of a breach.	Implemented a cloud security platform that provides the first line of defense against threats on the internet which will prevent users from going to harmful websites. Deployed an enhanced email protection system that filters all inbound and outbound email traffic to protect organizations from email-borne threats and data leaks. Implemented a network monitoring tool providing an additional layer of security to detect and eliminate threats (hacking) and similar types of traffic on TICO's network. Completed the implementation of an application that provides identity management and change management control. Continued to provide educational sessions to TICO staff to promote security awareness to mitigate risk to systems. Increased focus and organizational readiness, including engagement of the Board of Directors, over cyber-security risks.
Enhance data management capabilities.	Develop a data management policy and procedures to ensure data is collected, maintained, retrieved and stored according to defined standards and best practices.	Data classification policy completed and currently under review. Implemented Microsoft Enterprise Mobility and Security E5 (EMS) suite of tools providing enhanced control and protection over TICO's data management, identity protection, mobility management and advanced threat analytics.
Enhance resources and competencies of workforce.	Conduct a skills competency assessment to ensure alignment of resources for the effective administration and enforcement of the consumer protection legislation.	Review and implementation of TICO's future workforce strategy underway to address gaps and ensure efficient and effective delivery of TICO services and the administration and enforcement of the Act and Regulation.
Update and modernize crisis management protocols.	Assess TICO's vulnerabilities to priority risks and develop crisis management protocols and communications to ensure TICO's responses demonstrate its effectiveness as Ontario's Travel Regulator in times of crisis.	TICO's crisis management and communication protocols continues to evolve.
Continue to monitor and focus on high risk operators.	Decrease the number of high risk operators through enhanced business tools and process.	Enhanced the financial inspections process and monitoring to better assess risk registrants.
Modernize resources and tools to identify unregistered sellers of travel.	Introduce tools and resources to identify unregistered sellers of travel.	Continue to assess new technologies, tools and training to enhance TICO's enforcement activities to identify unregistered sellers of travel.

NEW BALANCED SCORECARD

TICO's 2018 Business Plan included the following Balanced Scorecard. TICO deployed this balanced scorecard throughout its fiscal year to monitor and gauge ongoing efforts and achievement of its strategic objectives. This Balanced Scorecard is shared with stakeholders to ensure transparency and accountability consistent with the Business Plan.

OBJECTIVE	MEASURE	FISCAL YEAR 2018/19 TARGET	ACTIVITIES/ACCOMPLISHMENTS
AWARENESS AND EDUCATION			
Improve Consumer Awareness and Education.	Establish new metrics to accurately gauge Ontarians awareness of the existence of TICO and the consumer protection available when purchasing travel services from Ontario registered travel agencies and websites.	Achieve a baseline metric of consumer awareness that the travel industry in the province is regulated and TICO is Ontario's Travel Regulator.	TICO conducted an online survey to determine a baseline measure for unaided consumer awareness. The pre-campaign survey indicated that 14% of Ontarians could name TICO as the provincial travel regulator. Following the campaign, an improvement of 23% to 17% was achieved. Of those consumers surveyed following the campaign with an omnibus survey, 64% of consumers indicated that they were aware of the consumer protection available when booking with an Ontario registered travel agency or website.
		Achieve a baseline metric of awareness of the consumer protection available when purchasing travel services from an Ontario registered travel agency or website.	
Enhance Consumer Protection in Ontario.	Overall pass rate of financial statement bench reviews based on established financial criteria per the Regulation.	Achieve a minimum pass rate of 95%.	As at the fiscal year end, financial statements reviewed had a 95% compliance pass rate based on established financial criteria per the Regulation.
	Percentage of compliance achieved for the number of identified unregistered sellers of travel operating in contravention of the <i>Travel Industry Act, 2002</i> .	Achieve a minimum of 80% of compliance of all unregistered sellers of travel identified in 2018/2019.	As at the fiscal year end 93% compliance was achieved for the number of identified unregistered sellers of travel operating in contravention of the Act.

NEW BALANCED SCORECARD

OBJECTIVE	MEASURE	FISCAL YEAR 2018/19 TARGET	ACTIVITIES/ACCOMPLISHMENTS
ORGANIZATIONAL EFFECTIVENESS			
Enhance TICO Value Proposition to Registrants	Determine drivers of value after consideration and analysis of diverse registrant business models.	Complete roundtable engagement sessions with representative groups of registrants and arrive at an overall value driver set.	Reassessed TICO Registrant Engagement strategy and tactics with the assistance of TICO's marketing partner. Initiatives to commence in 2019/2020.
Enhanced Employee Engagement	Pulse survey on key drivers identified for improvement in the 2017/2018 Employee Engagement Survey	Demonstrate improvement on identified key drivers by achieving a higher score on pulse survey.	Pulse survey completed on key drivers with an overall increase to each attribute of at least 5%
Enhance Organizational and Professional Development	Overall percentage of employee professional development plans completed during the fiscal year.	Achieve 75% completion of all employee professional development plans.	63% of annual budget incurred for professional development. Leverage of online tools allowed organization to achieve overall plan.
FINANCIAL PERFORMANCE			
Deliver Budget	FY 2018/2019 Net Surplus before claims.	Achieve equal to or greater than budgeted Net Surplus after adjusting for the exclusion of the Provision for Gross Claims against the Compensation Fund.	FY2018/2019 Net Surplus before claims of \$2,255,805 is greater than budget by \$907,006 (67%). Both revenues and expenses have surpassed the budget expectations.
Compensation Fund Claims Ratio	% Provision of Registrant Claims to Operating Revenue.	Achieve equal to or less than the percentage of Provision of Gross Registrant Claims relative to Operating Revenues of 7% based on a rolling 5-year average.	Compensation Fund Claims Ratio – Actual 3%.
Drive Operational Efficiencies	Efficiency Ratio Percentage.	Achieve an Operating Efficiency Ratio, defined as operating expenses relative to operating revenues, of less than 100%.	Efficiency Ratio Percentage – Actual 78% - strength in semi-annual assessments and decrease in certain expenses due to timing contributed positively to overall efficiency ratio. All other revenue and expense numbers achieved close to budget.

ADDITIONAL BUSINESS ACCOMPLISHMENTS 2018-2019

- Successfully administered TICO's Education Standards Program.
- Met the terms of the Administrative Agreement with MGCS by maintaining operations and systems to protect consumers in Ontario.
- Increased IT security monitoring of the network environment.
- Continued to seek operational efficiencies through enhanced IT tools and processes.
- Continued to maintain and enhance TICO's website with up to date and timely information for the benefit of all stakeholders.
- TICO Talk quarterly newsletter produced and made available on TICO's website and e-blasted to all registrants.
- Communicated TICO's Voluntary Code of Ethics for registrants on TICO's website and TICO Talk newsletter.
- TICO provided 19 webinars, seminars and workshops to industry stakeholders to educate and increase understanding of the requirements under the *Travel Industry Act, 2002* and Ontario Regulation 26/05.
- TICO conducted 5 speaking engagements to industry stakeholders on various timely issues.
- Conducted 11 of speaking engagements to consumer groups to increase awareness of TICO and the benefits of purchasing travel services from Ontario registered travel agencies and websites.
- Continued to provide advisories and registrar bulletins containing timely information to assist all registrants with industry related issues.
- Distributed and made available on TICO's website, TICO's Annual Report and Business Plan in June of 2018.
- TICO's Joint Health and Safety Committee composed of employee and management representatives continued its work to maintain and enhance the health and safety conditions in the workplace.

Operational Performance Review

Registration

On March 31, 2019, there were a total of 2,361 registrations with TICO compared to 2,359 registrations the previous year. (Fig. 1).

Of these, 86% (2,024) are retail travel agencies, who sell travel services directly to consumers and 14% (337) are travel wholesalers, who sell travel services through travel retailers.

In 2018/2019, there were a total of 137 terminations (Fig. 2). A total of 2,505 registrations were processed under the *Travel Industry Act, 2002*, which included 133 new registrations (Fig. 3) and 2,372 renewals (Fig. 4). Registrations are renewed annually.

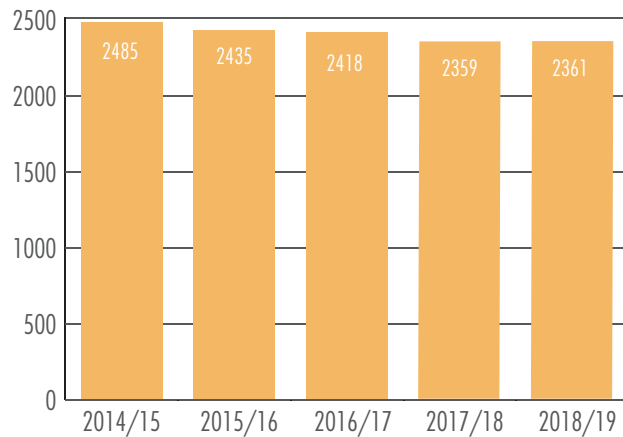


Figure 1: Total Registrations under the Act

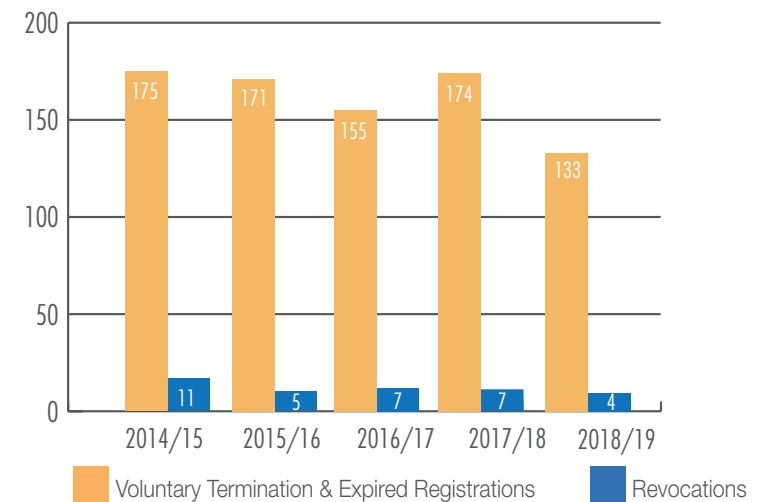


Figure 2: Total Voluntary Termination / Expired Registrations vs. Revocations

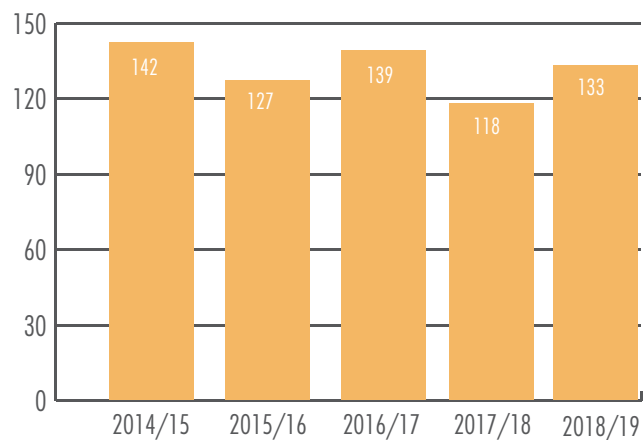


Figure 3: Total New Applications Processed

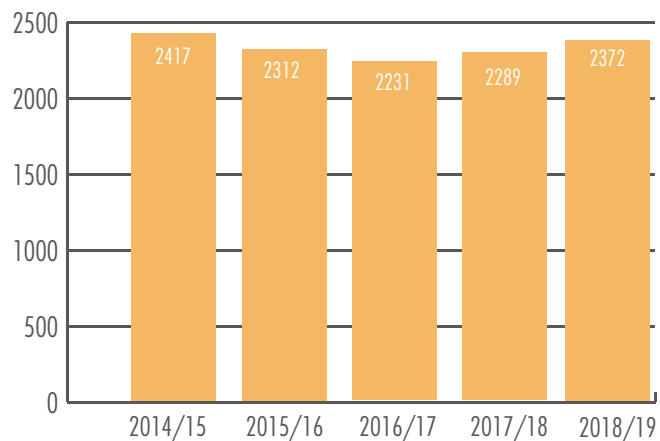


Figure 4: Total Renewal Applications Processed

Education Standards

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

The Education Standards Program is administered by TICO and consists of two levels, the Travel Counsellor and the Supervisor/Manager exam. A combination exam is available for those wishing to write both the Travel Counsellor and the Supervisor/Manager exams at the same time. During the fiscal year, a total of 6,078 exams were written as follows:

5,502 Travel Counsellor Exams.

184 Supervisor/Manager Exams.

392 Combined Travel Counsellor and Supervisor/Manager Exams.

As at March 31, 2019, a total of 72,641 exams have been written since the inception of the Education Standards on July 1, 2009.

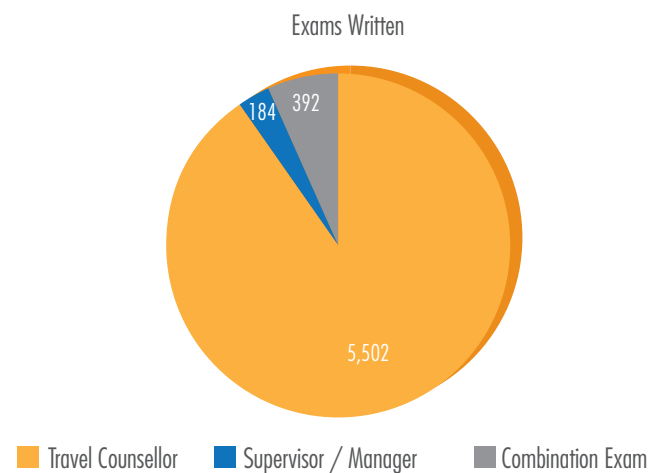


Figure 5: Total Exams Written

Complaint Handling Process

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

TICO provides complaint handling for consumer-to-registrant disputes. After encouraging consumers to pursue all avenues with the registrant, TICO staff will assist with the goal of reaching a mutually acceptable solution. However, TICO does not have the authority to settle a dispute, or to impose a settlement, and it does not have the authority or mandate to act as an arbitrator in any complaint matter. When a complaint involves allegations of non-compliance with the Act, the Registrar will undertake the necessary compliance and enforcement activities. If such is the case, this will be dealt with separately from assisting with resolution of the complaint.

When a mutual solution is not reached, complainants are provided with information regarding options to pursue matters.

When TICO receives a complaint, it may be resolved in anywhere from a few hours over the telephone or a few weeks to a few months for a formal written complaint.

The length of time varies depending on the complexity of the issues, the availability of feedback and documentation required, and the level of cooperation of those involved.

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

Complaints Against TICO

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

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

During the 2018/2019 fiscal period, there were two complaints against TICO that were subject to a review by the Committee.

No. Complaints	Issue(s)	Outcome
1	• Communications • Processing turnaround times	• Policy enhancements
1	• Dissatisfaction that TICO does not have the authority to impose a settlement in a complaint matter where there has been no breach of the Act or Regulation.	• Reaffirmed TICO’s role in complaint handling and provided complainant with suggestion for alternate recourse.

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



Complaints

TICO resolved 154 written consumer complaints against registrants in 2018/2019 compared to 245 in the previous year (Fig. 6). Some of these complaints related to files that were opened in the previous fiscal year. The number of new complaints received during 2018/2019 was 153 compared to 174 in the previous year. In processing these complaints, TICO successfully assisted consumers in obtaining \$77,892 in restitution compared to \$115,836 the previous year. In addition, TICO handled 1,217 telephone complaint inquiries compared to 1,220 in the previous year and 474 email complaint inquiries.

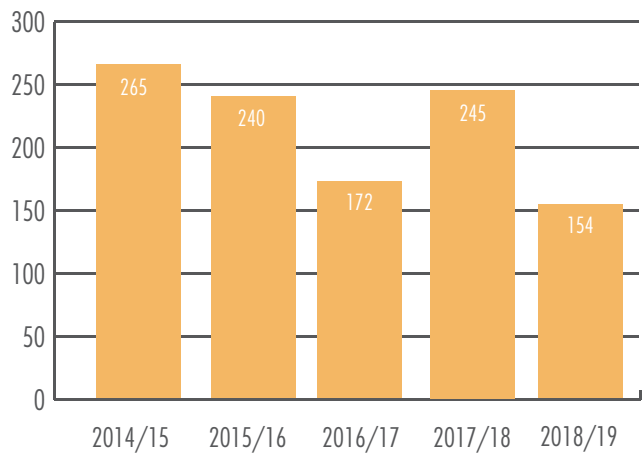


Figure 6: Written Complaints Handled

Consumer Survey Results – Complaints Process

During the fiscal year 2018/2019, TICO distributed an online consumer survey to 154 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 2019, there were 15 completed surveys returned to TICO.

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

The survey results indicated that 13 consumers were either satisfied or somewhat satisfied with the complaint turnaround times and 2 consumers were somewhat

dissatisfied. Turnaround times may vary considerably depending on the complexity of the issues involved as well as the responses received from complainants and registrants, which could result in further information being required from suppliers or other third parties.

When asked to rate their satisfaction with the fairness of the process: 12 consumers advised they agreed or they were satisfied and 3 indicated that they were somewhat dissatisfied or dissatisfied.

When asked to rate their overall satisfaction with TICO’s handling of their complaint: 11 consumers advised they were satisfied and 2 indicated they were somewhat satisfied and 2 consumers indicated they were somewhat dissatisfied or dissatisfied.

Customarily, consumers who have expressed dissatisfaction do so in response to TICO having no authority to assist them as their complaint matter does not contain issues that are covered by the legislation. In other cases, TICO is able to identify possible contravention(s) of the Act and/or Regulation by the registrant(s) involved. These issues were referred to TICO’s Compliance Department for further review. As a result, TICO requires registrants to initiate corrective measures in an effort to prevent similar situations from affecting future travellers. However, such referrals are not directed at obtaining compensation for specific complaints.

It should be noted that TICO does not have the authority to settle a dispute, or to impose a settlement. Some consumers expressed dissatisfaction that TICO does not have the authority to settle a dispute, or to impose a settlement in complaint matters.

The most frequent types of written complaints received at TICO in 2018/2019 were:

MOST FREQUENT COMPLAINTS RECEIVED AT TICO

(Top 10 Complaints Reasons)

2018/2019	2017/2018
1. Outstanding refunds	1. Outstanding refunds
2. Failure to provide proper disclosure of required information (i.e. availability of travel insurance, terms and conditions, etc.) 	2. Invoicing issues. (i.e. not complete with required information or invoice not provided to consumer)
3. Information / documentation. (i.e. issues related to travelling with passports and other travel documents) 	3. Suspected fraudulent activity by an individual or company operating unregistered.
4. Invoicing issues (i.e. not complete with required information or invoice not provided to consumer) 	4. Failure to provide proper disclosure of required information (i.e. availability of travel insurance, terms and conditions, etc.)
5. Advertising issues. 	5. Customer service issues
6. Ticketing issues 	6. Information / documentation. (i.e. issues related to travelling with passports and other travel documents)
7. Customer service issues 	7. Ticketing issues
8. Cancellation / non-refundable / no insurance 	8. Incomplete or incorrect information provided to the consumer (i.e. information regarding the travel services being sold)
9. Itinerary / schedule changes 	9. Advertising issues.
10. Accommodation changed 	10. Cancellation / non-refundable / no insurance

Financial Inspections

Under the direction of the Registrar, the TICO is responsible for conducting a financial inspection program. All registrant financial statements are subject to a bench review to ensure compliance with the financial standards required by regulation. The bench review process produces information, which may determine those registrants that should receive financial site inspections. During the fiscal period 2018/2019, TICO completed 1,741 bench reviews (Fig. 7) and completed 282 financial site inspections compared to 259 site inspections in the previous year (Fig. 8).

The following is the breakdown of financial site inspections completed during the fiscal year:

Inspection Reason	2018-2019	2017-2018
	Financial Inspections	Financial Inspections
Working Capital	62	91
New Registrant	87	68
Trust Accounting	18	23
Periodic	50	45
Other / miscellaneous	65	77
Total	282	259

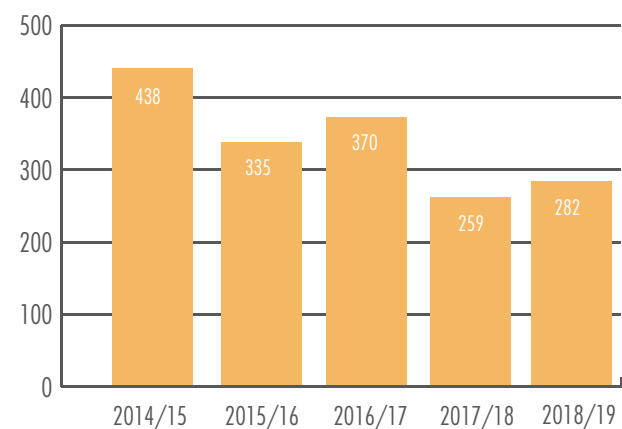


Figure 8: Financial Site Inspections

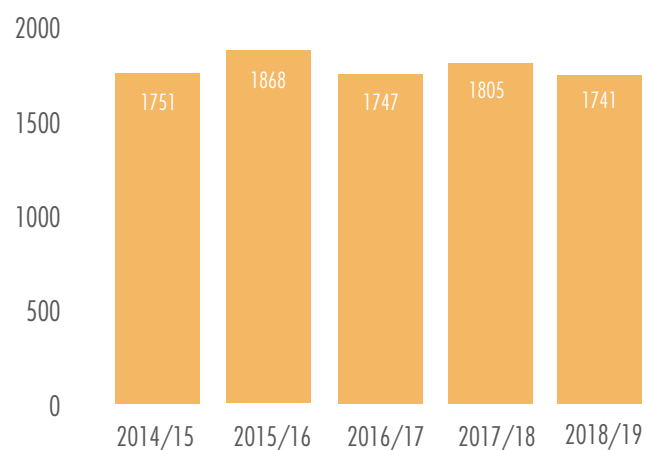


Figure 7: Total Financial Bench Reviews

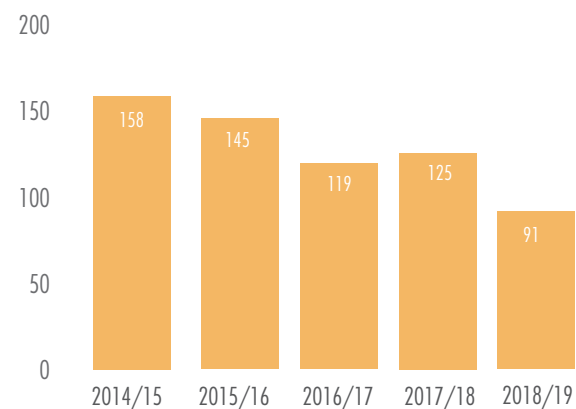


Figure 9: Total Warnings Issued for Operating without Registration

Compliance (Non-financial)

During the 2018/2019 fiscal period TICO processed 252 compliance files compared 346 in the previous year. TICO performed 91 compliance site inspections during the 2018/2019 fiscal year compared to 104 in the prior year. Compliance site inspections are performed to address various issues such as advertising, invoicing, operating without registration as well as follow up site visits to ensure former registrants have ceased operating when they have either voluntarily terminated, allowed their registration to expire or have had their registration revoked. In 2018/2019, a total of 91 warnings for operating without registration were issued compared to 125 in the previous year (Fig. 9) and 66 advertising warnings were issued to registrants and/or individuals who appeared to be carrying on business in contravention of the Act and Regulation compared to 83 in the previous year (Fig.10). In addition, 29 invoicing warnings (Fig. 11) were issued to registrants who did not provide proper invoices and/ or receipts in accordance with the Regulation compared to 72 in the previous year. Invoicing deficiencies are forwarded to the Compliance Department from consumer complaints, financial inspections and claims.

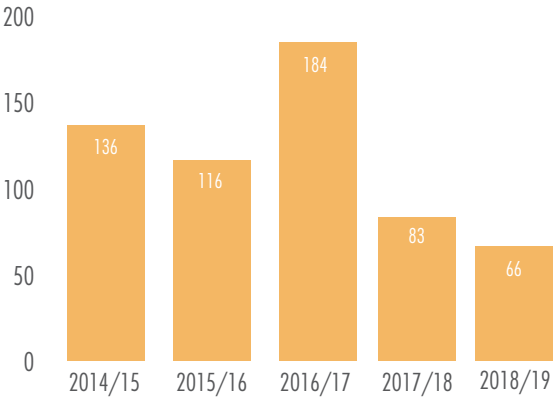


Figure 10: Total Warnings Issued for Advertising Infractions

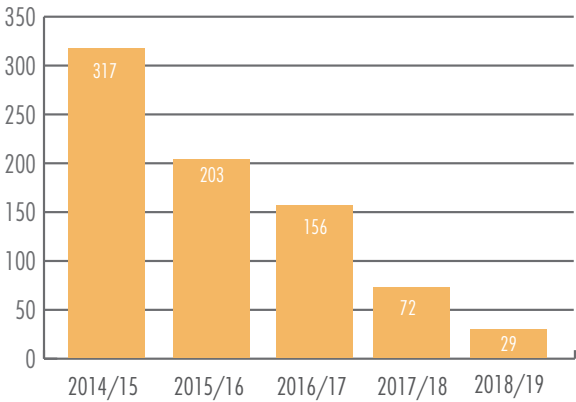


Figure 11: Total Warnings Issued for Invoicing Infractions



Travel Industry Compensation Fund

TICO is required to hold all Compensation Fund monies in trust. As at March 31, 2019, the assets held for the Compensation Fund were \$23,494,930

Claims and Repatriation (net of professional fees)

Claims paid (or accrued) during the fiscal year ended March 31, 2019 compared to the previous year ended March 31, 2018 were as follows:

	2018/19	2017/18
Number of claims paid	8	3
Number of consumers assisted	144	22
Claims paid - Registrant failure	\$ 57,137	\$ 24,495
Claims paid - End supplier failure	\$ 4,327	\$ 3,090
	\$ 61,464	\$ 27,585
Repatriation / Trip Completion	\$ 12,543	\$ —
Total Claims	\$ 74,007	\$ 27,585
Accruals	\$ 253,955	\$ (23,544)
As per Statement of Operations	\$ 327,962	\$ 4,041
Claim Recoveries	\$(190,184)	\$(7,550)

Repatriation / Trip Completion

Trip Completion costs paid to assist consumers during the fiscal year ended March 31, 2019 resulted from the failure of Sinorama Holidays Inc. A total of 6 consumers were assisted for a total of \$12,543 paid out of the Compensation Fund.

Travel Industry Compensation Fund

Closures in 2018/19 Resulting in Significant Claims Paid

Sinorama Holidays Inc.

Sinorama Holidays Inc. o/a Sinorama Holidays Inc. located in Markham, ON voluntarily terminated its registration under the *Travel Industry Act, 2002* to operate as a travel retailer on August 8, 2019. Sinorama Holidays Inc. sold mainly tours to China, Thailand, Cambodia, Japan, India and Vietnam as well as bus tours to various destinations in Canada, USA and Europe.

The closure left approximately 5,800 consumers without future travel purchases. At the time of the failure the Statutory Director exercised his authority under the Regulation to protect consumers under section 68 (immediate departure) and section 69 (trip completion) resulting in 5 payments totaling \$68,084 from the Compensation Fund to protect 136 consumers.

Subsequent to 2018/19 fiscal year end and subject to court approval, TICO will receive a recovery from customer monies held in Sinorama Holidays Inc. trust account in the amount of \$166,471 which will offset the claim payments made in 2018/19 and those to be made on eligible pending claims in 2019/20.



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

REGISTRANTS	CLAIMS PAID 2018/19 \$	RECOVERIES 2018/19 \$	CLAIMS PAID 2017/18 \$	RECOVERIES 2017/18 \$
Akkiraturz Ltd (R)	-	10,300	24,495	-
Canadianfares Inc.(R)	1,596	1,596	-	-
Dolphin Travel (R)	-	550	-	600
Esna Travel and Tours (R)	-	50	-	1,150
Executive Worldwide Travel (R)	-	600	-	800
Island Air *	227	-	-	-
Sinorama Holidays Inc. (R)(W)	68,084	166,472	-	-
Smartchoice Travel & Tours (R)	-	345	-	-
Skypride Travel & Tours (R)	-	10,000	-	5000
Transaero Airlines *	4,100	271	3090	-
TOTAL CLAIMS PAID (GROSS)	\$74,007	\$190,184	\$27,585	\$7,550

(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 five years. The total claims paid during 2018/2019 totalled \$74,007 compared to \$27,585 the previous year. Recoveries received by TICO in 2018/2019 were \$190,184 compared to \$7,550 recovered in 2017/2018.

Figure 13 provides a comparison of the total claims paid out of the Compensation Fund as a result of TICO registrant closures and claims paid as a result of end supplier (airline or cruise line) failures. During the 2018/2019 fiscal year, there was an increase in overall claims paid out of the Compensation Fund as a result of registrant and end supplier failures.

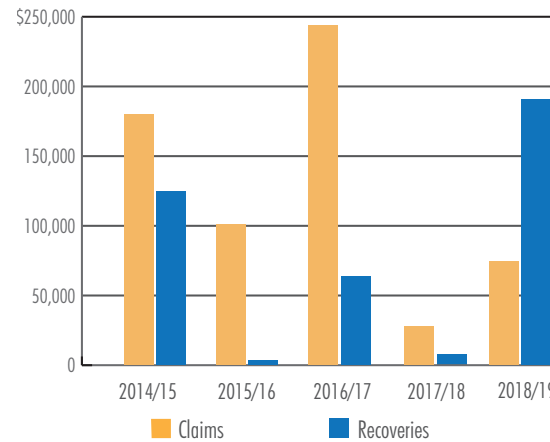


Figure 12: Total Claims paid and Recoveries to the Fund

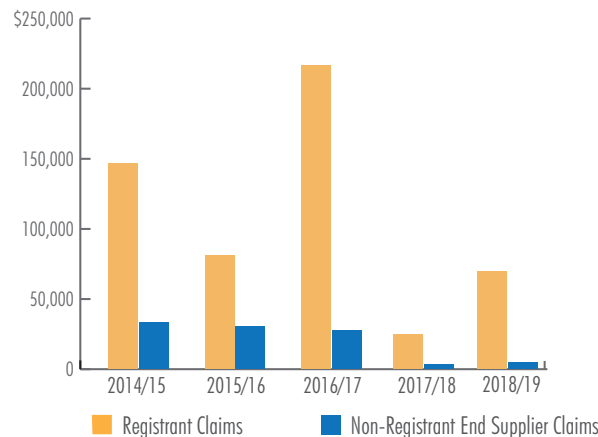


Figure 13: Registrant Claims vs Non-Registrant End Supplier Claims

In 2018/2019, a total of \$69,680 was paid in claims related to registrant failures compared to \$24,495 to the prior year. During the fiscal period 2018/2019, a total of \$4,327 in claims was paid as a result of end supplier failures compared to \$3,090 in the previous year.

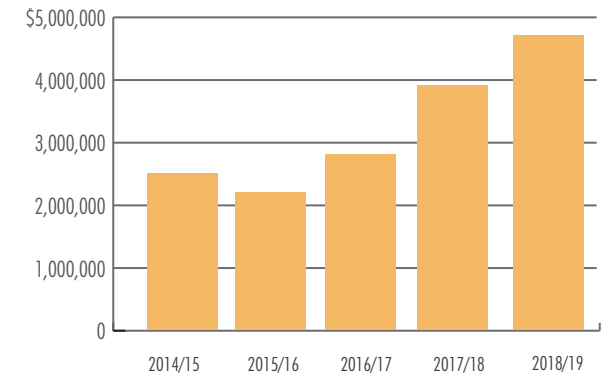


Figure 14: Contributions to the Compensation Fund

Contributions to the Fund from registrants (Fig. 14) 2018/2019 were higher compared to the previous year with \$4,681,556 recognized in 2018/2019 and \$3,980,009 recognized in 2017/2018. The increase in contributions is attributed to an increase in overall registrant sales reported during the fiscal year.

Consumer Survey Results – Claims Process

During the fiscal year 2018/2019, TICO distributed an online consumer survey to claimants who filed claims against the Compensation Fund inviting feedback on their experience with TICO's claims process. At the end of March 2019, TICO received one response to the survey request. When asked to rate overall satisfaction with TICO's handling of their claim and the length of time to process their claim, the consumer indicated they were satisfied. When asked about the fairness of the claims process, the consumer indicated they were somewhat satisfied with the fairness of the process.

Legal Matters

Claims

The Licence Appeal Tribunal (LAT) hears appeals from decisions of the Board relating to the eligibility of claims for payment from the Compensation Fund. During the period ended March 31, 2019, there were no LAT hearings held in relation to a decision of the Board to disallow a claim.

Investigations

TICO initiates and conducts investigations when it becomes apparent that there may have been a breach of the legislation. Investigations can result in charges being laid under the statute. During the fiscal 2018/2019, TICO opened 10 new investigations and closed 8 investigations that resulted in 6 charges being laid under the statute. Some of the investigations were carried over from the prior fiscal year. As at March 31, 2019, there were 12 open investigations.

Prosecutions

Investigations conducted during 2018/2019 have resulted in 14 convictions. Penalties imposed in relation to the convictions include:

\$75,000 fines

\$42,840 restitution

4 months jail

6 years probation

500 hours community service

The following prosecutions were carried out during the fiscal year:

Defendant	Counts	Offence	Sentence					
			Fine (including Victim Surcharge)		Restitution		Probation / Community Service / Jail	
			Company or Individual	Amount \$	Payable to	Amount \$	Individual	Time
Akkiratourz Ltd. Gukadarsini Packiyathan	2	Failing to hold funds in a trust account	Akkiratourz Ltd.	\$50,000				
	1	Failing to deposit funds in a trust account	Akkiratourz Ltd.	\$25,000				
	3	Officer & Director failing to take reasonable care for trust account	Gukadarsini Packiyathan		TICO	16,500	Gukadarsini Packiyathan	200 hrs community service 2 years probation
Gary Clegg (on appeal)	3	Operating as an unregistered travel agent					Gary Clegg	4 months jail 100 hrs community service 2 years probation
MKI Travel & Conference Management Inc. (On Sept.17, 2017, Officer & Director Ronald Greenwood sentenced on appeal to 18 months jail and \$2,036,933 restitution. Defendant's leave to appeal to Court of Appeal denied Dec. 20, 2017.)	2	Failing to deposit funds in a trust account	MKI Travel & Conference Management Inc.					Suspended Sentence
	1	Maintaining more than 1 trust account without Registrar's consent	MKI Travel & Conference Management Inc.					Suspended Sentence
Elizabeth Samspon Holder (Additionally convicted of related Criminal Code offences. Sentenced to 12 months conditional jail, \$12,050 restitution and prohibited for life from any employment with authority over others money or property.)	1	Operating as an unregistered travel agent	Elizabeth Samspon Holder		Consumer	1,198		
18070201 Ontario o/a Skypride Travel and Tours Limited Sakthivel Suppiah	1	Officer & Director failing to take reasonable care for trust account	Sakthivel Suppiah		TICO	\$25,142	Sakthivel Suppiah	200 hrs community service 2 years probation
TOTALS:	14			\$75,000		\$42,840	Probation: Community service: Jail:	6 Years (approx. 2190 days) 500 Hours 4 months (approx. 124 days)

Proposals to Revoke Registration

A total of 18 proposals to revoke registration were issued during 2018/2019. The proposals were issued for the following reasons:

	2018/19	2017/18
Failure to file Financial Statements	8	11
Failure to maintain Working Capital	4	0
Failure to maintain Trust Accounting	6	2
Failure to file Compensation Fund Assessment (Form 1)	0	1
Other Breaches of the Act and Regulation	0	0
	18	14

TICO attended 11 case conferences and 3 hearings before LAT in response to the proposals issued against registrants. Case conferences are a mandatory part of the LAT appeal process. Some proposals were settled prior to their scheduled hearing date. During the year, 5 registrations were revoked, 6 voluntarily terminated and 1 proposal was withdrawn. At the end of the fiscal year there were 4 outstanding proposals.



Consumer Awareness Campaign

Supporting an informed travel marketplace

As consumers increasingly turn to the internet to research and book travel, TICO implemented an online strategy for its consumer awareness campaign for the 2018/2019 fiscal year. The approach was to reach consumers in the same medium they use when considering travel options and to remind them of the benefits of booking with a TICO-registered travel agency or website.

The online approach enabled TICO to extend how long its advertising was in-market, and to focus on priority audiences who would most benefit from TICO’s messaging: young adults, families and snowbirds. The campaign was live from December 10, 2018 until March 31, 2019, covering the winter holidays and March Break, two peak travel periods for Ontarians.

About the campaign

The refreshed creative featured a life-sized Asterisk*, representing the one missed detail that could take a consumer’s travel plans off course, highlighting the value of booking with a TICO-registered travel agency or website.

The concept was brought to life through a series of three online videos, targeted at each of the three priority audiences, which were advertised on YouTube. The videos were seen more than 1.4 million times online. To extend the reach of the videos, they were also broadcast in Toronto’s PATH network, TTC and GO Transit stations and Yonge-Dundas Square.

The videos were complemented by online display advertisements, social media posts on Facebook, Twitter and Instagram, Google search advertisements, and proactive media relations. Individuals who had visited non-registered travel websites were targeted with additional advertisements, reminding them to confirm that the website they are using is registered with TICO.

Nearly 40,000 consumers were interested in learning more and were directed to an updated landing page on TICO’s website. There, they could confirm the registration of their travel agency or website, learn helpful travel tips and possible options for recourse should they not receive the travel services they purchased.

Ongoing media collaboration

TICO partnered with publisher Metroland Media to connect with Ontarians through local community newspaper websites. Each month, a blog post penned by TICO’s President

and CEO Richard Smart, covered a different aspect of travel while highlighting the value of working with a TICO-registered travel agency or website. The blogs are available to all of Metroland Media's 100-plus community publications in southern Ontario, reaching more than 5.6 million readers.

Connecting face-to-face with Ontarians

TICO continued to extend its reach to consumers by conducting 11 speaking engagements with consumer groups around the province to increase awareness of TICO, its services and the consumer protection available in Ontario.

Results

As TICO moved to an online approach for its consumer awareness campaign, it made sense to measure the success of the campaign through an online survey.

Prior to the campaign's launch, TICO conducted a survey to determine a baseline measure for unaided awareness. The survey indicated that without receiving any prompts, 14 per cent of Ontarians could name TICO as the provincial travel regulator. Further, 14 per cent of Ontarians could identify TICO's role in the travel marketplace.

After the campaign, the same survey showed that unaided awareness of TICO increased to 17 per cent, a 23 per cent increase from the baseline measure. Consumers' understanding of TICO's role remained steady at 14 per cent, identifying an opportunity to refine messaging in the year ahead.

Online surveys will continue to be fielded after each flight of advertisements to measure their impact on increasing awareness of TICO and its role in the market.

While transitioning to the new online survey approach, TICO conducted its yearly omnibus survey to provide a comparison with the previous year. The survey showed that aided awareness of TICO remained steady at 33 per cent, compared to 34 per cent the previous year.

The survey also found that individuals who saw TICO's videos and digital advertisements had a higher intent of using a TICO-registered travel agency or website in the future. Intent increased by six per centage points from 51 per cent to 57 per cent, showing a change in intended behaviour.

TICO will continue the online consumer awareness campaign in the year ahead, with the aim of further increasing awareness of TICO and the consumer protection available when purchasing travel services from a registered travel agency or website.

By the numbers

23% increase in unaided awareness of TICO amongst Ontarians

22.7 million times TICO's digital advertisements were seen

12.9 million times TICO's social media messages were seen

3.7 million Ontarians who saw TICO's messages on social media

1.4 million video views on YouTube

450,000 engagements with TICO's social media content

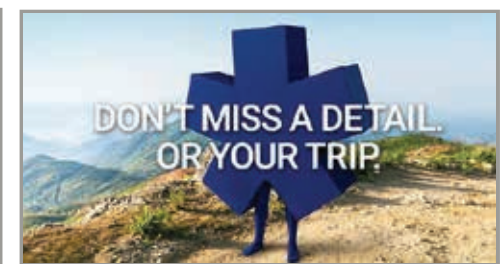
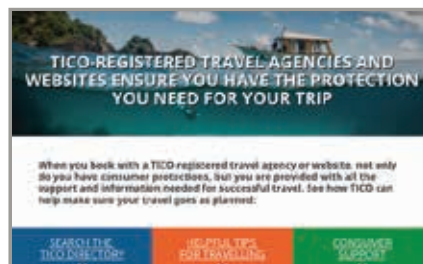
40,000 visits to TICO's website from advertisements and social media

Registrant Engagement

Working together to promote consumer protection

As TICO works to elevate awareness of consumer protection amongst Ontarians, it's just as important for TICO to keep its finger on the pulse of the industry through meaningful engagement. These opportunities allow registrants to gain a deeper level of understanding of TICO and for TICO to better understand the issues and challenges impacting registrants.

Key ways TICO engages registrants and industry stakeholders include speaking engagements and educational opportunities.



Industry engagement

TICO continues to maintain a positive working relationship with trade associations, which includes ongoing communication on industry issues. In 2018/2019, TICO staff delivered five presentations to trade associations and industry groups on timely topics.

Educational webinars

TICO conducted 9 financial compliance webinars for registrants, which focused on registrants' obligations with trust accounting and other financial requirements.

In addition, TICO conducted 10 informative and interactive webinars that focused on specific areas of compliance such as advertising, disclosure, invoicing and the tools and resources TICO has available on its website to assist registrants.

Webinar participants and TICO both left the sessions with a greater understanding and appreciation of the issues and challenges faced by the Industry and of TICO's role in the marketplace.

Corporate Social Responsibility (CSR)

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

Environmental Initiatives

1. Continued participation in an office waste and recycling program, with efforts aimed at responsible use of paper, paperless initiatives and recycling.
2. Continued educational Earth Week activities.
3. TICO staff continued with its commitment to regularly cleaning up Max Ward Park which is in Mississauga near TICO's offices. Max Ward was a Canadian aviator and founder of Wardair Canada.

Local Charitable Initiatives

1. Continued its partnership with the Mississauga Food Bank.
2. TICO successfully raised \$515.67 in calendar year 2018 through CSR initiatives in support of the Food Bank.
3. Conducted a Thanksgiving Food Drive and collected 235 lbs of food donations.

Global Charitable Initiatives

1. Continued partnership with Plan Canada. TICO supported Plan Canada's "Gifts of Hope" Campaign, including sponsoring the construction of a community water sanitation system and equipping two schools in the developing world.
2. TICO employees successfully raised \$5,182 through various CSR initiatives in support of the Plan Canada Gifts of Hope Campaign. The majority of Gifts of Hope selected by TICO staff were eligible for value matching and represented more than \$30,000 in value.



Richard Smart, President & CEO

French Language Services

TICO strives to respond to all inquiries received in the French language, whether oral or written. Communications received in French are responded to in French and TICO will provide all stakeholders with timely, courteous and quality responses to all French language enquiries whenever a request is received.

Currently, TICO provides the following information/services in French:

- Education Standards Program information and online registration process on TICO's website
- Education Standards Materials (Study Manual, Proctor Guide, Forms, etc.)
- TICO Exams
- Complaint Forms and Compensation Fund Claim Forms
- Informational materials promoting awareness of TICO and its services.

2018-2019 Statistics for French Language Services

During the fiscal year TICO received 3 (1.96%) consumer complaints in French out of the 153 written complaints received. All written communications with the complainants were provided in French.

Of the 6,078 exams written during the fiscal year, a total of 42 (0.69 %) were written in French.



FINANCIAL REVIEW

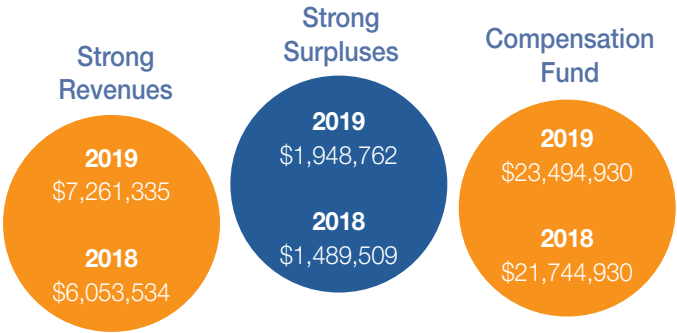
The following financial review is based on the audited financial statements for the Travel Industry Council of Ontario (TICO) for the year ended March 31, 2019 with comparative figures for March 31, 2018.

Overview

After much uncertainty about whether global economic growth would slow, the global travel market reflected resiliency and expanded once again. The Ontario marketplace also had a relatively robust calendar year 2018 which contributed to TICO achieving another solid year of financial performance. Both revenues and operating expenses exceeded budget expectations, generating a healthy net surplus for the year. Although claims have increased from prior year, from a historical perspective, claims were relatively low against the Compensation Fund ("Fund").

Overall financial performance remained strong for the fiscal year. TICO generated a net surplus of revenue over expenses of \$1,948,762, the largest surplus in recent years and a significant increase from prior year's surplus of \$1,489,509.

TICO is required to maintain all Fund monies in a segregated account. As of March 31, 2019, the assets held for the Fund totaled \$23,494,930. A total of \$1,750,000 was transferred to the Fund for the year-ended March 31, 2019, compared to \$1,100,000 in 2018. While claims against the Fund are generally low, the balance available to fund future claims for potential registrant and end-supplier failures is well below the recommended target to reimburse and/or repatriate affected consumers per the last conducted actuary report.



As at March 31, 2019, total Net Assets at year-end were \$25,721,008 compared to \$23,772,246 for the year ended March 31, 2018. This increase in Net Assets was the result of total revenues exceeding all expenses for the year which indicates very strong results comparable to the prior year surplus. Total revenues increased by \$1,207,801 (20%), while operating expenses, before net claims, were higher by \$403,030 (9%). Claims before recoveries and related fees increased due to a registrant failure and remained relatively low at \$327,962 (2018 -\$4,041) when compared to actuarial expectations and the organization's historical trends.

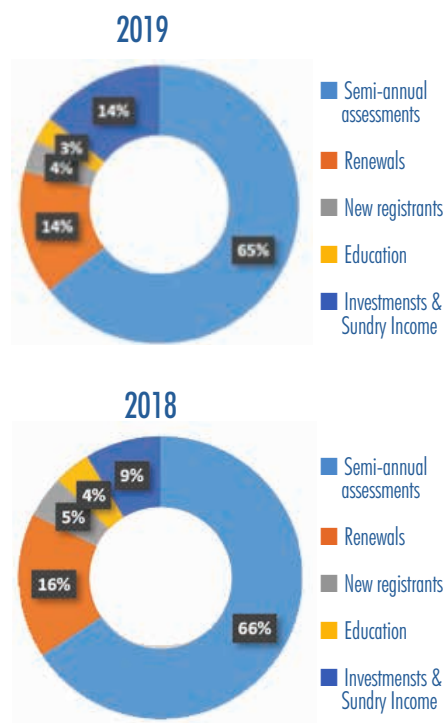


Revenue

Total revenues for the year ended March 31, 2019 was \$7,261,335 consisting of the following:

The composition and sources of revenues are provided below:

Source	2019	2018	% Change
Semi-annual assessments	\$4,681,556	\$3,980,009	18%
Renewals	1,040,779	1,005,932	3%
New Registrants	278,500	289,500	(4) %
Education	215,112	254,608	(16) %
Investments	1,045,388	523,485	100%
Total	\$7,261,335	\$6,053,534	20%



In total, revenues tracked ahead of budget expectations and were higher than the prior year by \$1,207,801 or 20%. With the exception of semi-annual assessments and investment income, which exceeded the budget, other sources of revenues performed close to budget expectation. The revenue mix remained largely unchanged when compared to prior year, apart from investment income which performed exceptionally well and contributed 14% to total revenues, compared to 9% in 2018.

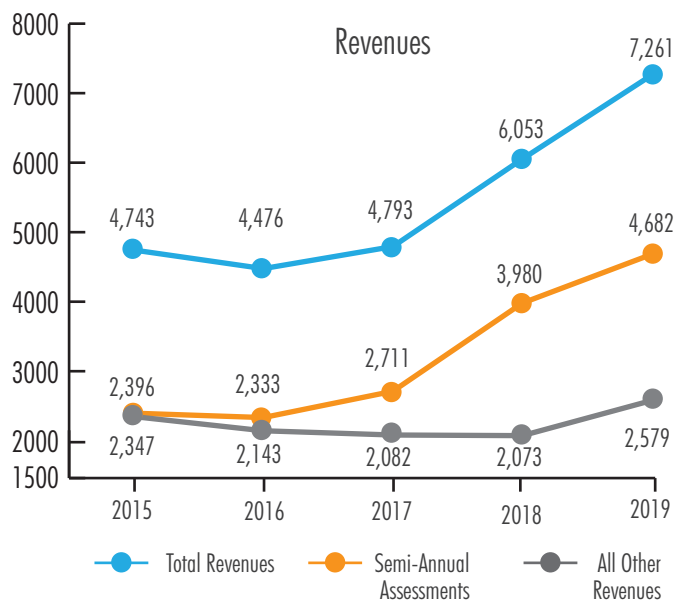
For the fiscal year, total Ontario Gross Sales grew by nearly 5% over the prior year for a total of \$18.2 billion. This strong market growth was the primary contributor to TICO's growth in semi-annual assessments to the Fund. A smaller contributor to the semi-annual sales variance was the trailing effect of the fee increase from \$0.20 to \$0.25 per thousand of Ontario Gross Sales (as per the final phased-in fee review announced April 2017).

The number of registrants has remained steady compared to prior year, for the first time in the last few years, which generally had a declining trend. Total registrants of 2,361 are higher from prior year by 2, caused by increase in retail registrations. A total of 133 new registrants, including branches, opened business during the year, up from 118 in the year prior. This new growth was offset by 133 terminations during the year (2018 – 174). Additionally, there were 6 registrations reinstated, while 4 were revoked. In aggregate, revenues for new registrations and renewals of \$1,319,279 (2018 - \$1,295,432) were marginally lower than budget expectations. The decrease in revenues, contrary to the increase in number of registrants, is attributable to timing and the mix of the registrants. Registration and renewal fees charged to registrants remained consistent year-over-year.

During the year, 6,078 exams were written. The number of exams written are lower than prior year by approximately 4% while revenues from education exams were lower by 16%, at \$215,112 (2018 – \$254,608). Decrease in revenues are due to the exams being administered by a third-party provider beginning in the fourth quarter. This new partner, along with a leading-edge e-learning platform, will drive greater efficiencies for applicants and registrants for current and future exams. Prior to this third-party alliance, exams were administered by TICO. Since 2009, TICO has successfully administered over 66,000 exams, while keeping fees unchanged. As a result of the transition, going forward, TICO will no longer receive education revenues and will eliminate variable costs associated with exams administration.

After a market downturn in the second and third quarters, yields on TICO's investment portfolio, have recovered, generating a significant increase in market value. Investment income of \$1,045,388 has doubled from last year (2018 - \$523,485) and exceeded budget expectations. TICO continues to hold all its investments in a diversified low risk portfolio with an external investment advisor. These returns reflect the Bank of Canada's recent monetary policy and the return to a more typical yield curve. TICO also increased its asset allocation into its ESG (Environment, Socially responsible and strong Governance) fund. This fund based on ESG principles invests in a risk-based allocation of debt and equity instruments based on a balanced risk profile.

In 2016, TICO announced a two-stage, multi-year, increase of the Fund assessment rate, effectively increasing the rate from \$0.15 to \$0.25 per thousand of Ontario Gross Sales. This has been the primary driver of increased revenues over the past several years.

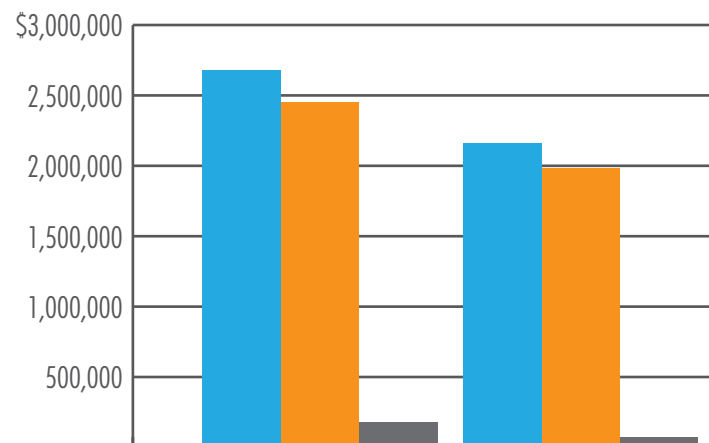


While revenue performance has achieved TICO's budget goals, it remains well short of the necessary funding to achieve the target Fund levels as recommended in last year's actuary report.

Operating Expenses

Total operating expenses of \$4,834,041 are higher than prior year by \$403,030 or 9%. Staffing costs account for the biggest increase in the operating expenses at \$227,455 (9%). Staff complement ended the year with a headcount of 24 and has remained flat year-over-year with the exception of a new Stakeholder Relations manager and additional Compliance Officer. In addition to these two new resources, increases in salaries and benefits can be attributed to base salary adjustments, prior year timing differences related to staff turn-over and burden/benefit impacts due to staff mix. The largest increase in other operating expenses are related to the increase in consumer awareness and information technology expenditures, which account for approximately half of the variance, split comparably between these expense items. Increase in the consumer awareness efforts with a new service partner, which refocused TICO's efforts to a primarily digital platform, have produced positive results in year one.

Information technology efforts focused on higher data security and uses of more advanced technologies that will serve the organization and registrants in years to come. These other operating costs were higher than prior year by \$175,575 (9%) and were lower than budget.



	2019	2018
Salaries & Benefits	\$2,674,088	\$2,446,633
Other Operating Costs	\$2,159,953	\$1,984,378
Amortization & capital assets write-off	\$171,489	\$68,244

Increase in the amortization expense is primarily due to investment in information technology as well leasehold improvements. In December of 2018 TICO moved its operations to a new location due to a lease contract expiry at its original location and the need for a more modernized work environment in support of business transformations. A onetime non-cash write-off of \$68,075, considered a non-recurring expense, relates to unamortized portion of capital assets tied to old premises.

Compensation Fund

The Fund balance at March 31, 2019 was \$23,494,930 (2018 – \$21,744,930), an increase of \$1,750,000 for the fiscal year.

The number of approved claims represents another very low claims' year for the travel industry. Claims against the Fund for this fiscal year were \$327,962 (2018 - \$4,041) driven by failure of two registrants as well as two airlines. Over 95% of the claims relate to Sinorama Holidays. TICO was successful in freezing this former registrant's trust account and obtaining a recovery of \$166,471 through a legal process. The rest of the recoveries relate to various past failures. The net costs of claims, including professional fees totaled \$307,043 for the year (\$2018 - \$64,770).

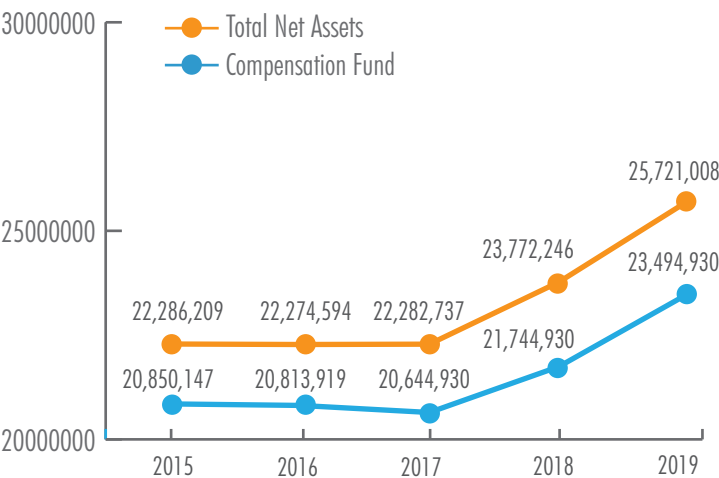
Last year's updated actuary report reconfirmed a large unfunded shortfall with the Fund. Deliberations continue with the Ontario government over future funding sources.

Capital Expenditures

Fixed capital assets deployed in the business at March 31, 2019 totaled \$974,086 (2018 – \$197,157). Capital expenditures totaling \$948,418 during the year were made primarily in relation to TICO's move to the new location and the continuous information technology investments. A Leasehold Inducement totaling \$385,950 was negotiated with the landlord, effectively reducing the capital outlay associated with the various leasehold improvements. Management's longer-term technology plan leverages cloud-computing, with virtually all TICO's infrastructure and applications now hosted through various software-as-a-service offerings. These enhancements will enable TICO to offer many of its future services more efficiently and effectively, using e-commerce capabilities.

Statement of Net Assets

For the year-ended March 31, 2019, total net assets are \$25,721,008, an increase of \$1,948,762 reflecting an increase in surplus over the past fiscal year (2018 - \$1,489,509).



An additional \$1,750,000 (2018 – \$1,100,000) was directed to the Fund in support of future claims. The total Fund has a balance of \$23,494,930 as at March 31, 2019. Despite the continued contributions to the Fund, as previously reported, the latest Actuarial Study released by TICO in the prior year recommended a significantly higher target balance.

The unrestricted fund of \$127,715 (2018 - \$330,159) will be used for future business initiatives as reflected in the annual budget and business plans as approved by the Board of Directors.

Appendix I

Travel Industry Council of Ontario Audited Financial Statements



FINANCIAL STATEMENTS

For the year ended March 31, 2019

INDEX PAGE

Independent Auditor's Report 1.1

Financial Statements

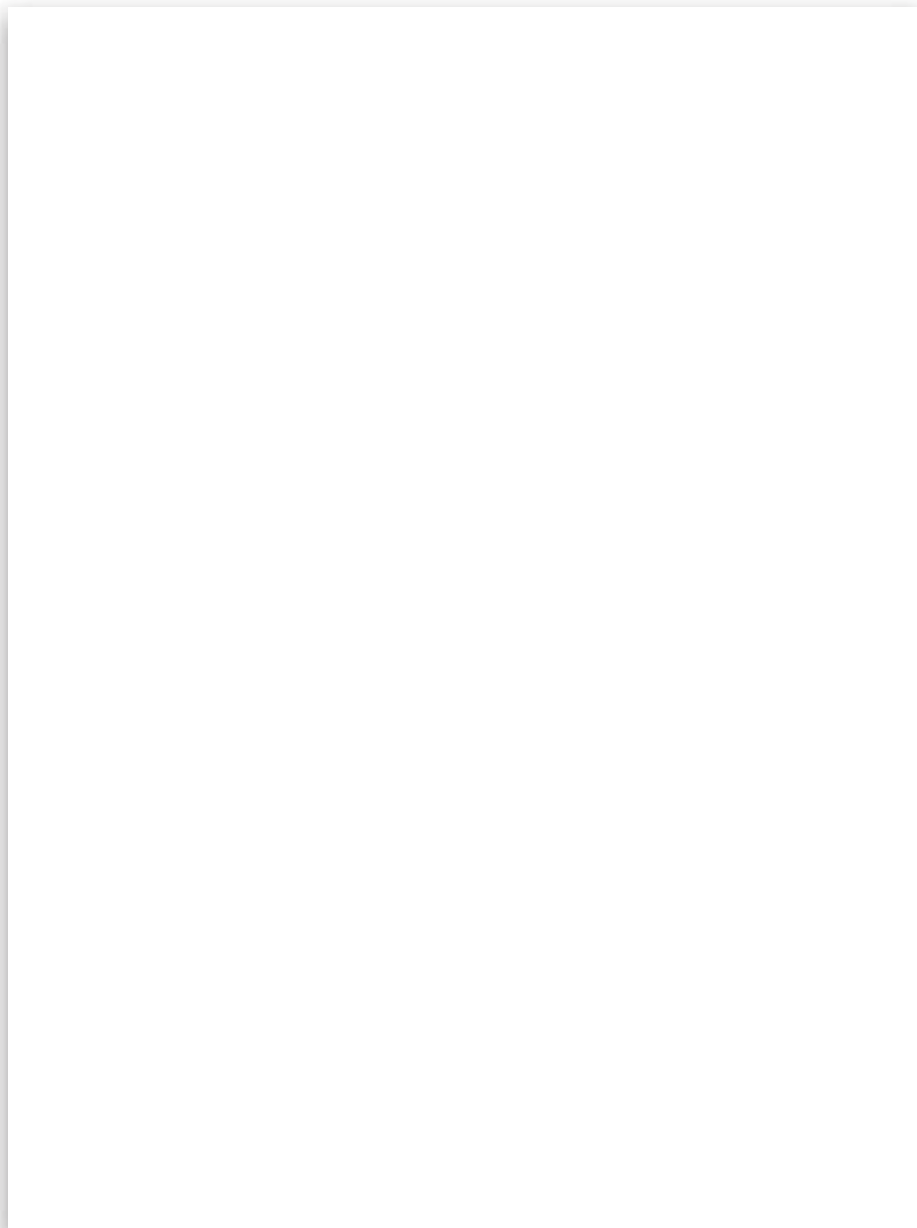
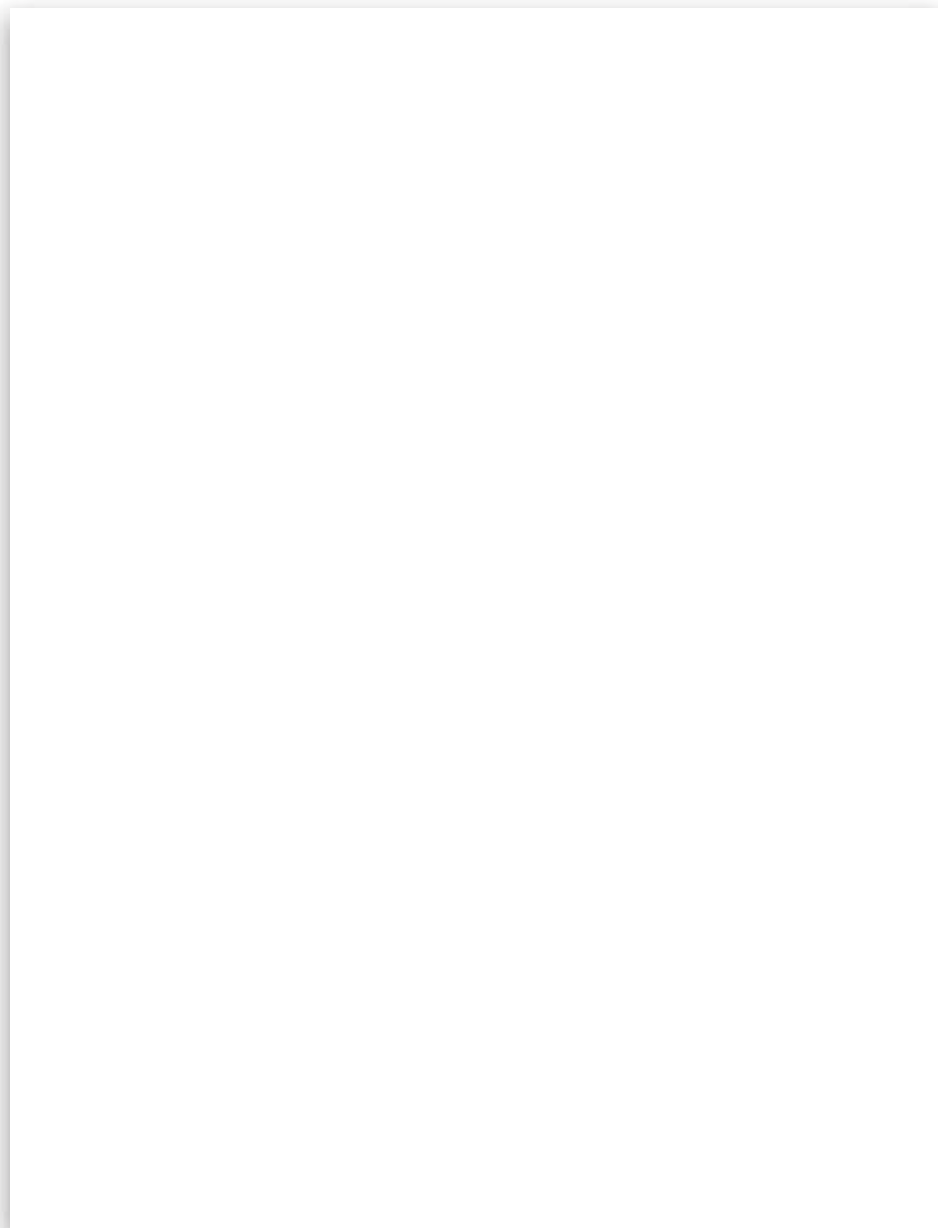
Statement of Financial Position 1.2

Statement of Operations 1.3

Statement of Changes in Net Assets 1.4

Statement of Cash Flows 1.5

Notes to the Financial Statements 1.6 - 1.8



TRAVEL INDUSTRY COUNCIL OF ONTARIO

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

	2019 \$	2018 \$
ASSETS		
Current		
Cash	2,523,144	1,877,539
Short-term investments (Note 2)	13,415,770	9,527,388
Accounts receivable	478,927	6,510
Prepaid expenses	100,684	89,312
	16,518,489	11,500,749
Investments (Note 2)	13,326,612	16,488,413
Capital assets (Note 3)	974,086	197,157
	<u>30,819,187</u>	<u>28,186,319</u>
LIABILITIES AND MEMBERS' EQUITY		
Current		
Accounts payable and accrued liabilities	1,112,956	723,235
Deposits from registrants	3,553,630	3,683,630
	4,666,586	4,406,865
Deferred leasehold inducement (Note 4)	375,723	7,208
Deferred rent	55,870	—
	<u>5,098,179</u>	<u>4,414,073</u>
Net Assets		
Compensation Fund (Note 5)	23,494,930	21,744,930
Invested in capital assets	598,363	197,157
Internally restricted operating reserve fund (Note 6)	1,500,000	1,500,000
Unrestricted fund	127,715	330,159
	<u>25,721,008</u>	<u>23,772,246</u>
	<u>\$30,819,187</u>	<u>\$28,186,319</u>

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

TRAVEL INDUSTRY COUNCIL OF ONTARIO

STATEMENT OF OPERATIONS

For the year ended March 31

	2019 \$	2018 \$
REVENUE		
Semi-annual payments from registrants	4,681,556	3,980,009
Renewals	1,040,779	1,005,932
New registrants	278,500	289,500
Education standards fees	215,112	254,608
Investment income	1,045,388	523,485
Total revenue	7,261,335	6,053,534
EXPENSES		
Claims	327,962	4,041
Professional fees	169,265	68,279
Recoveries	(190,184)	(7,550)
Net claim and related costs	307,043	64,770
Salaries and benefits	2,674,088	2,446,633
Consumer and registrant awareness	749,116	686,483
General and office	223,888	215,829
Facilities	265,529	204,547
Computer network and support	263,618	217,679
Board and governance expense	218,176	203,375
Ontario Government oversight fees (Note 7)	198,708	195,488
Professional fees	113,512	147,766
Insurance	49,796	46,046
Travel and related	44,316	38,221
Bank charges and merchant fees	26,020	22,234
Credit checks	7,274	6,710
Total operating expenses	4,834,041	4,431,011
Excess of revenue over expenses for the year before amortization and loss on disposal of capital assets	2,120,251	1,557,753
Amortization	103,414	68,244
Loss on disposal of capital assets	68,075	—
Excess of revenues over expenses for the year	\$1,948,762	\$1,489,509

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

TRAVEL INDUSTRY COUNCIL OF ONTARIO

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31

	Invested In Capital Assets \$	Restricted For The Ontario Travel Industry Compensation Fund (Note 5) \$	Internally Restricted Operating Reserve Fund (Note 6) \$	Unrestricted Fund \$	2019 Total \$	2018 Total \$
Balance, beginning of year	197,157	21,744,930	1,500,000	330,159	23,772,246	22,282,737
Excess of revenue over expenses for the year	—	—	—	1,948,762	1,948,762	1,489,509
Capital assets purchases	948,418	—	—	(948,418)	—	—
Loss on disposal of capital assets	(68,075)	—	—	68,075	—	—
Deferred lease inducement	(375,723)	—	—	375,723	—	—
Amortization of equipment	(103,414)	—	—	103,414	—	—
Inter-fund transfers (Note 5 and 6)	—	1,750,000	—	(1,750,000)	—	—
Balance, end of year	<u>\$598,363</u>	<u>\$23,494,930</u>	<u>\$1,500,000</u>	<u>\$127,715</u>	<u>\$25,721,008</u>	<u>\$23,772,246</u>

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

TRAVEL INDUSTRY COUNCIL OF ONTARIO

STATEMENT OF CASH FLOWS

For the year ended March 31

	2019 \$	2018 \$
Cash was provided by (used in)		
Operating activities		
Excess of revenues over expenses before other items	2,120,251	1,489,509
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities		
Amortization	103,414	68,244
Unrealized gains on investments	(762,799)	(173,780)
Loss on disposal of capital assets	68,075	—
Changes in non-cash working capital balances		
Accounts receivable	(472,417)	—
Prepaid expenses	(11,336)	9,490
Accounts payable and accrued liabilities	389,721	(41,483)
Deposits from registrants	(130,000)	399,970
Deferred lease inducement	368,515	(11,341)
Deferred rent	55,870	—
	<u>1,729,294</u>	<u>1,740,609</u>
Investing activities		
Purchase of investments	(1,409,560)	(23,021,347)
Redemption of investments	1,274,289	20,230,695
Purchase of capital assets	(948,418)	(89,307)
	<u>(1,083,689)</u>	<u>(2,879,959)</u>
Increase in cash	645,605	(1,139,350)
Cash, beginning of year	<u>1,877,539</u>	<u>3,016,889</u>
Cash, end of year	<u>\$2,523,144</u>	<u>\$1,877,539</u>

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

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

1. Significant Accounting Policies Nature and Purpose of Agency

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

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

On December 14, 2017, Bill 166, *Strengthening Protection for Ontario Consumers Act, 2017* received Royal Assent in the Ontario legislature. The provisions amending the *Travel Industry Act, 2002* are not yet in force. The provisions will come into force on a day to be named by proclamation of the Lieutenant Governor. A review of Ontario Regulation 26/05 is currently underway.

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

Basis of Accounting

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

Revenue Recognition:

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

Investment income is recorded as revenue when received or receivable.

Claims:

Standard claims must be made within six months after the registrant, or end supplier becomes bankrupt, insolvent or ceases to carry on business. Trip completion claims must be made within six months after the registrant failure.

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

Deposits From Registrants

Deposits from registrants are received or receivable upon registration with TICO and is returned to the registrant upon the completion of submitting two consecutive financial statements to TICO and given the registrar has no concerns about registrants compliance.

Recoveries:

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

Capital Assets

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

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

Deferred Lease Inducement:

Deferred lease inducement is amortized on a straight-line basis over the remaining term of the lease.

Deferred Rent

Deferred rent represents a free-rent period and rent escalation on the lease premises. The lease costs are recorded on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

Use of Estimates:

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

Financial Instruments:

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

2. Investments

Investments consist of guaranteed investment certificates, fixed income notes, and mutual funds. Guaranteed investment certificates and fixed income notes bear interest at rates ranging from 1.40% to 3.70% (2018 - 1.40% - 3.70%) and with maturity dates ranging from September 2019 to December 2026 (2018 - November 2018 to December 2026). Investments that mature within the next fiscal year are presented as short-term on the statement of financial position. Included within the investments are restricted deposits from registrants.

3. Capital Assets

	Cost \$	2019 Accumulated Amortization \$	Cost \$	2018 Accumulated Amortization \$
Furniture & equipment	182,637	12,175	258,775	229,809
Computer & hardware	262,511	155,078	174,315	121,809
Computer software	85,217	65,061	61,379	49,028
Database	315,759	256,647	285,187	248,493
Leasehold improvements	623,174	11,824	243,483	184,801
Vehicle	35,475	29,902	35,475	27,517
	<u>1,504,773</u>	<u>\$530,687</u>	<u>\$1,058,614</u>	<u>\$861,457</u>
Net book value		<u>\$974,086</u>		<u>\$197,157</u>

During the year, TICO incurred costs of \$623,174 (2017 - \$Nil) related to leasehold improvements at their new office premises, which has been capitalized. TICO negotiated a tenant inducement with the landlord of \$385,950 (2017 - \$Nil) to fund these costs (Note 4).

4. Deferred Leasehold Inducement

	2019	2018
Original inducement	\$385,950	\$113,040
Accumulated amortization	<u>(\$10,227)</u>	<u>(\$105,832)</u>
	<u>\$375,723</u>	<u>\$7,208</u>

The leasehold inducement from the previous leased premises was fully amortized during the year.

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

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

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

During the year, \$1,750,000 (2017 - \$1,100,000) was transferred from the Unrestricted Fund to the Restricted for The Ontario Travel Industry Compensation Fund.

6. Internally Restricted Operating Reserve and Unrestricted Reserve Fund

During the prior year, the Board approved the establishment of an internally restricted operating reserve equal to approximately four months of prior year operating expenses, or \$1,500,000. This amount was drawn from unrestricted surpluses accumulated from past years. This reserve is intended to provide capital to maintain operations following a significant unforeseen adverse event. Additions to, or drawings from this reserve are at the discretion of the Board.

The restricted operating reserve at March 31, 2019 is \$1,500,000. The remaining unrestricted reserve will be left to fund continuing operations consistent with the Board approved business plan.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

7. Commitments and Contingencies

a) Under terms of an Administrative Agreement entered into during January 2013 between TICO and the Ministry of Government and Consumer Services (the “MGCS”), TICO is obligated to pay a maximum annual fee for 2019, based on cost recovery to the Province of Ontario, totaling \$198,708 (2018 - \$195,488).

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

b) TICO has operating lease commitments for its premises. Future minimum annual lease payments (including estimated operating costs) for the next five years and thereafter are as follows:

2020	\$219,670
2021	\$290,038
2022	\$289,848
2023	\$289,848
2024	\$304,894
Thereafter	<u>\$2,316,623</u>
Total	<u>\$3,710,921</u>

8. Financial Instruments Risk

Market value risk

Market value risk is the risk of potential loss caused by the fluctuations in fair value or future cash flows of financial instruments by changes in their underlying market value. TICO is exposed to this risk through its mutual fund investments.

Interest rate risk

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

This risk has not changed from the prior year.

9. Comparative Figures

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

2019 BUSINESS PLAN

April 01, 2019 - March 31, 2022

In assuming the delegation from the Ontario Government for administering the Travel Industry Act, 2002, which governs approximately 2,400 travel retailers and wholesalers registered in Ontario, TICO established an initial agenda not just to administer its delegated responsibilities in the public interest, but also to elevate the travel industry to new levels in consumer protection, professional standards and regulatory compliance

TICO's mission, vision and values will serve as guiding principles to staff and Board members and against which all initiatives will be measured.

The 22ND year Business Plan which follows, outlines:

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



Environment

Following an eventful 2018, we can reflect back on what was another year of solid economic growth and a successful year for the travel industry. As most pundits forecasted a year ago, the global economy continued its expansionary path. The International Monetary Fund, as recent as November 2018, estimated the global economy would grow by 3.7% in 2018, slightly lower than earlier predictions. Canada and the USA expect their economies will grow in 2018 by a healthy 2% and 3% respectively. Unemployment rates in both countries are at historic lows and inflation remains below target levels of the central banks. By these measures, what's not to like? However, the global economy's 10 year expansion, following the Great Recession of 2008-2009, may be at an end, and certainly the era of very low interest rates is all but over. As we enter 2019, the overall mood for another prosperous year is shifting and consumers are beginning to worry.

The USA economy has been the strongest of the G-7 countries of late and closed 2018 with annual growth of almost 3%. This growth, fueled by strong consumer spending and business investment stemming from massive tax cuts earlier in the year, has been impressive. The USA economy is expected to grow again in 2019, somewhere closer to the 2.5% level. This lower growth reflects a slowing housing-market, continued higher borrowing rates and a dampening impact of trade reflecting current protectionist policies. For the first time in a decade though, analysts are considering the prospects of a recession, although most pundits think this outcome is likely beyond 2019.

Canada's economy began 2018 with lots of momentum peaking with Q2 economic growth just shy of 3%. A veil of uncertainty was lifted with the signing of the United States, Mexico and Canada free-trade agreement. A historically low unemployment rate of less than 6%, low inflation and upward pressure on wage rates drove a respectable annual 2% GDP growth for 2018. Interest rates however have increased again, the fifth time since the summer of 2017 which in part resulted in Ontario's credit rating being downgraded again and are expected to increase again in 2019. Canadians continue to be amongst the most indebted countries of any nation in the world making us highly susceptible to economic slowdowns. Compounding the debt problem are oil prices which have slumped globally and has resulted in high volatility at the gas-pumps. As a result, consumer confidence index has taken a recent hit. At the time of writing, November's consumer confidence index fell to 114 nationally, the largest decline since last February. Canadians as a whole are growing more concerned about their finances and as a result, large purchases, including travel, are becoming more at-risk. With this backdrop, economic growth for 2019 is predicted to be lower, closer to 1.7% for the year.

The Canadian dollar exchange rate is always an important consideration for consumers when making travel purchases. Most experts had predicted the Canadian dollar to hover around the \$0.75 level when compared to the US dollar. In fact, over the past year, the dollar has ranged between \$0.73 and \$0.81 and currently sits at the lower end of the range. Depressed oil prices, lower interest rates compared to the USA and overall uncertainty in the markets will likely prevent a strengthening of the Canadian dollar. In all likelihood, the Canadian dollar will trade in the \$0.73 to \$0.78 range for much of 2019.

After four years of solid growth, Ontario's economy may be at a turning point. Economic growth in 2018 of approximately 2.2% will slow to less than 2% for 2019 and inflation will likely remain tame. The housing-market has cooled with tougher mortgage rules now in place and increasing interest rates making new investments more difficult. For businesses, the labour market is very tight making new hires more-and-more difficult. Businesses, therefore, will continue to focus on productivity, making capital investments to offset labour difficulties.

This past year has generally been positive for Ontario travellers. Travel agencies and Tour Operators continue to offer a diverse product offering, competitively priced. Ontario Gross Sales are higher year-over-year by 4% as Ontarians enjoyed a strong economy and generally positive travel sales environment. Positive consumer sentiments will likely continue in 2019 although at a slower pace. The United Nations World Tourism Organization (UNWTO) forecasts growth in global tourist arrivals to Canada in the 4-5% range. Similarly, the International Air Transport Association (IATA) forecasts passenger growth will moderate to 6% in 2019, down only marginally from 6.5% in 2018. Lower oil prices and positive global economic growth will likely give rise to another profitable year for the global airline industry. Throughout the marketplace, consolidation of travel businesses continues as large global players seek additional foreign ownership, incremental gains through new markets and the drive for greater efficiencies continues. This is a risk for smaller Canadian travel companies since many lack the scale of large global players. Canada and Ontario are attractive markets given higher disposable incomes and positive overall business environment. The Ontario marketplace for travel agencies and tour operators however continues to be challenging as price pressures erode margins and emerging technologies – including Artificial Intelligence and Virtual Reality – contribute to the displacement of traditional business models. The continued growth in new business models, the emergence of consumer populism and heightened consumer expectations are changing the travel market landscape at an accelerating pace. Innovation in all areas, including the growth in experiential travel, has become the driving force to attract and retain consumers. With increasing demands on personal time, there will be even more focus on mini-vacations, wellness tourism and vacation/business (“bleisure”) travel. Tour operators, hotels, resorts and other hospitality providers are expected to benefit from a wellness tourism that will experience accelerated growth. These combined factors are expected to contribute to the overall growth of the Ontario travel marketplace in 2019, albeit at a reduced rate.

Aside from the economic environment, the regulatory landscape, both global and local, has also evolved and will continue to do so in 2019. Internationally, there are growing challenges, including evolving VISA rules, that result in added difficulty for consumers to move smoothly. The impact of Brexit for travellers, at the time of writing, is very unclear. In Canada, the federal government introduced a framework for a new passenger bill of rights subject to further consumer consultations in 2019. While focused on airlines, this new bill will have significant impact on travellers and both TICO and registrants will need to respond accordingly. IATA rules and regulations continue to evolve including new rules around financial criteria for its members. TICO also remains steadfast in our goal of executing legislation passed in 2017 by working with the new government on a detailed regulation that addresses many of the concerns raised during the comprehensive review and past stakeholder consultations.

This past year has been an exciting environment for consumers and businesses. Despite the volatility, the broad measures point to a solid year of gains and a step-ping-stone to another positive year in 2019. However, the “winds are changing” and we are reminded how quickly the environment changed since the last recession a mere decade ago. We are fortunate to live in a province that has a diversified economy, embraces competition and is considered at the forefront of innovation. We are also fortunate for the consumer protections that exist and for a travel marketplace that remains vibrant. We need to continue to leverage these strengths by ensuring that both industry and government work together to implement positive change for the benefit of consumers, today and tomorrow. At TICO, we remain committed to our Vision and Mission and look forward to another successful year in 2019.

Travel Industry Council of Ontario (TICO) 3 Year Business Plan - FY 2019/2020 to FY2021/2022

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

TICO's three-year Business Plan applies a systematic approach to delivering its mandate from the Ministry of Government and Consumer Services ("Ministry"). This approach is illustrated in the model below and forms the basis of this Business Plan.

Our Commitment:

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

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

Plan is a fiscally prudent model that delivers a balanced budget through a combination of productivity enhancements, investments in people, process and systems with no increases to existing fees, and other industry burdens, over the next three years. Our Business Plan is best illustrated in the model shown below.

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

TICO's Strategic Planning Model



Strategic Priorities for 2019/2020 and 2020-2022

Strategy 1: Consumer Protection

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

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

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

TICO's strategic priorities in this area will include:

	INITIATIVE	DESCRIPTION	TARGET
FY 2019/2020	Foster regulatory reform to enhance consumer protection.	In collaboration with the Ministry and in consultation with stakeholders identify and address the opportunities for modernization of Ontario Regulation 26/05 for the purpose of modernizing the consumer protection legislation.	Provide submissions to the Ministry with recommendations to update and modernize the regulation taking into consideration changes to business models and stakeholder feedback.
	Review TICO's financial framework including the Compensation Fund and identify options to ensure the efficient and effective delivery of its consumer protection mandate.	Review and assess the feasibility of alternatives to transform the funding model for TICO and the Compensation Fund to continue to effectively deliver on its consumer protection mandate.	Provide a recommendation supported by analytics outlining the viability of an alternative funding model to support TICO's mandate to administer and enforce the Act and Regulation and administer Ontario's Travel Compensation Fund.
	Establish an action plan for effective implementation and enforcement of legislative and regulatory changes.*	Assess the implications of any legislative and regulatory changes and develop an action plan with operational priorities, funding requirements and service commitments to ensure TICO effectively administers and enforces the consumer protection legislation in Ontario.	Produce an action plan document identifying and prioritizing all operational priorities in relation to legislative and regulatory changes to ensure an efficient implementation and enforcement of new consumer protection legislation in Ontario.
	Foster collaboration with industry stakeholders to advance consumer protection.	Continue to foster collaborative relations and alignment with industry stakeholders, including trade associations to enhance consumer protection legislation respecting the needs of all stakeholders.	Attain alignment and strategic alliances for enhancements to consumer protection that includes eliminating gaps and expanding consumer protection in Ontario while reducing burden on business.
FY 2020-2021 2021-2022	Continue implementation of action plan to effectively administer and enforce the new legislation.*	Initiate execution of operational priorities identified in the action plan to ensure TICO effectively administers and enforces new consumer protection legislation in Ontario.	Successful implementation of operational priorities allowing TICO to efficiently administer and enforce the new consumer protection legislation in Ontario.
	Enhancing alliances and collaboration with industry stakeholders.	Implement an industry-based travel advisory council to effectively engage representative industry experts regarding Ontario's consumer protection model.	Identify and implement an industry based advisory council to participate in consumer protection in the province.

* Subject to the proclamation of the legislation.

Strategy 2: Awareness & Education

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

Consumers who purchase travel services in Ontario should be aware that the travel industry in Ontario is regulated and that there is consumer protection in place to protect their travel purchases. Each year, TICO strives to increase consumer awareness to ensure that more and more consumers are aware of the existence of TICO and the benefits of purchasing their travel services whether in person or online from registered Ontario travel agencies. The initiatives below support TICO's Mission Statement "To Regulate consumer protection by promoting awareness, education and compliance as part of the efficient and effective regulation of Ontario's travel industry." TICO achieves this initiative by planning and executing a comprehensive consumer awareness campaign strategy that involves various forms of communications.

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

TICO's strategic priorities in this area will include:

	INITIATIVE	DESCRIPTION	TARGET
FY 2019/2020	Continue to build and enhance consumer awareness in Ontario.	Continue to build and enhance a series of comprehensive activities aimed at increasing consumer awareness of TICO's role and the consumer protection in Ontario.	Improve overall awareness and understanding by continuing to engage consumers by executing a marketing and communications strategy that includes various forms of paid and earned media including traditional and social media and other alternative distribution channels. Seek opportunities to engage consumers through Town Halls, educational presentations and social media to build awareness, both in person, and by leveraging technology (i.e. webinars). Conduct a consumer survey to gauge overall consumer engagement and satisfaction. Produce and distribute various editorial and media releases to secure coverage in consumer publications to enhance education and awareness.
	Establish a communications strategy, including consultation associated with legislative and regulatory changes.*	Develop a communications strategy and corresponding consultation process to educate and inform all stakeholders regarding any legislative and regulatory changes.	Completion and planned implementation of a communications strategy to promote education and awareness of all stakeholders regarding enhancements to the <i>Travel Industry Act, 2002</i> and Ontario Regulation 26/05
	Enhance TICO's online Education Standards Program with updated curriculum and testing to include legislative and regulatory changes.	In partnership with TICO's Education service provider, update the education standards curriculum and exam bank of questions to include new legislative and regulatory changes.	Updated online Education Standards Program completed and ready for roll-out.
	Engage registrants and provide education and familiarization around the new legislation. *	Provide registrants opportunities for engagement with TICO through innovative communication approaches for the purpose of education and familiarization around the new legislation.	Various engagement opportunities extended to registrants, both in person and online to familiarize themselves with the new legislation and impacts, if any, to their business.
FY 2020-2021 2021-2022	Continue to build and enhance consumer awareness in Ontario.	Continue to build and enhance a series of comprehensive activities aimed at increasing consumer awareness of TICO's role and the consumer protection in Ontario.	Improve overall awareness and understanding by executing a marketing and communications strategy that includes traditional, social and digital media as well as other alternative distribution channels.
	Continue to enhance the Education Standards Program with new education opportunities by leveraging the technology and tools available on TICO's new online education platform.	Develop and introduce new educational opportunities and testing to increase familiarization and knowledge around the new legislation and other topics beneficial to professional development.	Various new online educational opportunities extended to registrants and other stakeholders wishing to enter the industry.
	Strengthen registrant engagement in support of a robust consumer protection model for the province of Ontario.	Through continuous and meaningful engagement of registrants, develop an understanding of opportunities and challenges in the marketplace and impacts, if any, to businesses as a result of the new legislation.	Provide opportunities for registrant engagement with TICO both in person and by leveraging technology to promote the sharing of information and enhance understanding and relations.

* Subject to the proclamation of the legislation.

Strategy 3: Organizational Effectiveness

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

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

	INITIATIVE	DESCRIPTION	TARGET
FY 2019/2020	Sustain and enhance security protocols and protection across TICO system infrastructure.	Educate and raise awareness across stakeholders of cyber security risks, combined with analysis of existing system vulnerabilities, all aimed at minimizing unauthorized access, data breaches and risk mitigation in the event of a breach.	Continue education sessions for TICO staff and implement advanced threat protection protocols to enhance overall system security; Develop risk response scenario in the event of a breach.
	Enhance data management capabilities to enhance business intelligence and operational effectiveness.	Develop a data management policy and procedures to ensure data is collected, maintained, retrieved and stored according to defined standards and best practices.	Data management policy, procedures and process implementation commenced across all departments.
	Enhance cyber security crisis response.	Refine Cyber Security Crisis Response plan to ensure protocols and communications are in place in the event of a security breach.	Continue implementation of a robust Cyber Security Crisis Response Plan to ensure timely and effective response in the event of a data security breach.
	Update and modernize crisis management protocol.	Enhance crisis management protocols and communications by incorporating recommendations obtained following a crisis table-top simulation session to ensure TICO's responses demonstrate its effectiveness as Ontario's Travel Regulator in times of crisis.	Crisis management protocols and communications updated to capture recommendations as well as any new or emerging vulnerabilities and trends.
	Enhance resources and competencies of workforce.	Conduct a skills competency assessment to ensure alignment of resources for the effective administration and enforcement of the consumer protection legislation.	Organizational structure is aligned and reflects the skills and competencies required to ensure TICO's effectiveness as Ontario's Travel Regulator.
	Mitigate risk and enhance consumer protection by ensuring compliance of the Act and Regulation.	Decrease the number of high risk operators through enhanced business tools and process and enhance consumer protection by identifying and achieving compliance of unregistered sellers of travel.	Reduce the number of high risk registrants, benchmarked as of the first day of the current fiscal year and increase consumer protection by identifying and achieving compliance of unregistered sellers of travel services in Ontario.
FY 2020-2021 2021-2022	Enhanced data management capabilities.	Implement a data management policy and procedures to ensure all data is collected, maintained, retrieved and stored according to defined standards and best practices.	Complete implementation of a data management policy, procedures and process to ensure data meets business needs.
	Continue to update and modernize crisis management protocols.	Further assessments of TICO vulnerabilities in relation to priority risks including incorporating any recommendations as a result of testing the Cyber Security Response Plan.	Crisis management protocols and communications updated to capture new or emerging vulnerabilities and trends and any recommendations from testing the Cyber Security Response Plan.
	Continue to drive employee engagement across the organization.	Continue to seek innovative solutions aimed at enhancing employee engagement.	Complete employee engagement survey and analysis and identify recommendations to ensure employee engagement remains a core focus for the organization.
	Continue to mitigate risk and enhance consumer protection by ensuring compliance of the Act and Regulation.	Identify and reduce the impact of high risk operators and unregistered sellers of travel through enhanced business tools and process.	Attain further reductions of high risk operators and compliance of unregistered sellers of travel compared to the prior year.

BALANCED SCORECARD FOR FISCAL YEAR 2019-2020

TICO's Balanced Scorecard has been developed to monitor and gauge ongoing efforts and achievements of its organizational effectiveness. The Balanced Scorecard will be included in the 2020 Business Plan and will include the performance measure results achieved during the prior year to ensure transparency and accountability consistent with the Business Plan.

OBJECTIVE	MEASURE	FISCAL YEAR 2019/20 TARGET
EDUCATION AND AWARENESS		
Improve Consumer Awareness and Education.	Establish new metrics to accurately gauge Ontarians awareness of the existence of TICO and the consumer protection available when purchasing travel services from Ontario registered travel agencies and websites.	Exceed the baseline metric of consumer awareness achieved the prior year that the travel industry in the province is regulated and TICO is Ontario's Travel Regulator.
		Exceed the baseline metric of consumer awareness achieved the prior year that consumer protection is available when purchasing travel services from an Ontario registered travel agency or website.
Enhance Consumer Protection in Ontario.	Overall pass rate of financial statement bench reviews based on established financial criteria per the Regulation.	Achieve a minimum pass rate of 95%.
	Percentage of compliance achieved for the number of identified unregistered sellers of travel operating in contravention of the Travel Industry Act, 2002.	Achieve a minimum of 80% of compliance of all unregistered sellers of travel identified in 2019/2020.
Determine and measure overall consumer engagement and satisfaction	Develop and implement a survey tool that provides a comprehensive measure of consumer protection satisfaction and/or value in the province.	Establish a new consumer protection satisfaction/value measure.

BALANCED SCORECARD FOR FISCAL YEAR 2019-2020

OBJECTIVE	MEASURE	FISCAL YEAR 2019/20 TARGET
ORGANIZATIONAL EFFECTIVENESS		
Enhance TICO Value Proposition to Registrants and Other Stakeholders	Overall understanding and awareness of TICO and the new legislation through effective communications and opportunities for engagement with stakeholders.	Providing effective communications and opportunities for engagement by completing roundtable sessions, seminars and webinars with stakeholders to educate and understand the impacts, if any, that the new legislation has on stakeholders.
Enhanced Employee Engagement	Pulse survey on key drivers identified for improvement in the 2018/2019 Employee Engagement Survey.	Demonstrate improvement on identified key drivers by achieving a higher score on pulse survey.
Enhance Organizational and Professional Development	Overall percentage of employee professional development plans completed during the fiscal year.	Achieve 85% completion of all employee professional development plans.
FINANCIAL PERFORMANCE		
Deliver Budget	FY 2019/2020 Net Surplus/(Deficit) before claims.	Achieve equal to or greater than budgeted Net Surplus/(Deficit) after adjusting for the exclusion of the Provision for Gross Claims against the Compensation Fund.
Compensation Fund Claims Ratio	% Provision of Registrant Claims to Operating Revenue.	Achieve equal to or less than the percentage of Provision of Gross Registrant Claims relative to Operating Revenues of 7% based on a rolling 5-year average.
Drive Operational Efficiencies	Efficiency Ratio Percentage.	Achieve an Operating Efficiency Ratio, defined as operating expenses relative to operating revenues, of less than 100%.

TICO Future State

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

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

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

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

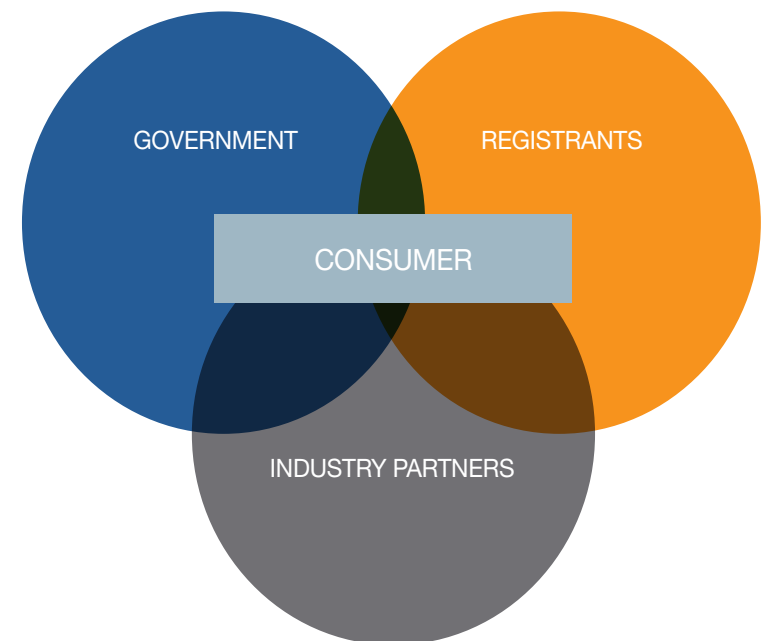
- a healthy and growing travel industry for registrants regardless of size and geography;
- a collaborative based relationship with industry that is a model to other jurisdictions;
- a value proposition which is recognized and valued by both the consumer and registrants; and,
- a regulatory framework that is both efficient and effective.

For TICO employees, we envision a marketplace whereby:

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

TRAVEL INDUSTRY COUNCIL OF ONTARIO
represented by it's employees

Travel Industry Act & Regulations



TICO REVENUE AND EXPENSE FORECAST

FY 2019/2020 to FY 2021/2022

	FY 2019/2020 Budget \$	FY 2020/2021 Projection \$	FY 2021/2022 Projection \$
3 YEAR PROJECTIONS			
Revenues:	6,800,000	6,894,000	6,989,880
Consisting of:			
- Compensation Fund Assessments	4,700,000	4,794,000	4,889,880
- Renewals	1,045,000	1,045,000	1,045,000
- New Registrations	280,000	280,000	280,000
- Investment Income	775,000	775,000	775,000
Claims against Compensation Fund, net	910,000	705,000	730,000
OPERATING EXPENSES	5,389,045	5,637,502	5,714,513
Consisting of:			
- Salaries and Benefits	3,026,346	3,203,525	3,267,595
- Operating Expenses	2,237,699	2,285,800	2,318,902
- Amortization	125,000	148,177	128,015
Net Surplus	500,955	551,498	545,367
Net Surplus before Compensation Fund Claims	1,410,955	1,256,498	1,275,367
 Compensation Fund, end of year	 24,094,930	 24,694,930	 25,294,930

Key Assumptions:

1. Current legislation assumed throughout projection period.
2. Current fee schedule applies with no new fees throughout projection period.
3. Registrant attrition offset by organic market growth.
4. Compensation Fund claims supported by actuary study.
5. Normal market adjustments for salaries and benefits.
6. Maximum contribution to Compensation Fund from Net Surplus.

Appendix II

TICO BOARD OF DIRECTORS 2018-2019 (as of March 31, 2019)

Industry Representatives

Nicole Bursey
Commercial Director
Transat Tours Canada
Toronto, ON

Jim Diebel
President
Hanover Holidays Tours
Hanover, ON

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

Mike Foster
President
Nexion Canada
London, ON

Louise Gardiner
Retired Travel Executive
Kitchener, ON

Marc Patry
Director
CNH Tours
Ottawa, ON

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

Robert Townshend
President
Total Advantage Travel & Tours Inc.
Toronto, ON

Brett Walker
General Manager, Canada
Collette Vacations
Mississauga, ON

Ministerial Appointments

Khatera Akbari
Director, Corporate and Finance Planning
Department of Finance
Ottawa, ON

Jean Hébert - Chair
Consultant
Ottawa, ON

Vigneswaren (Warren) Kanagaratnam
Director
House of Consulting Inc.
Toronto, ON

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

Lorraine Nowina
Toronto, ON

BOARD OF DIRECTOR BIOGRAPHIES

Khatera Akbari, CPA, CA

Khatera Akbari, CPA, CA, has extensive accounting and audit experience in both public practice and the federal public sector. Her career includes diverse perspectives in the areas of internal and external audit; policy development, analysis and implementation; budgeting and financial reporting; corporate accounting; consulting; and internal control evaluation.

Khatera began her career at KPMG LLP and continued at the Senate of Canada where she amassed inimitable experiences working on Parliament Hill. She currently works at the Corporate Services Branch of the Department of Finance in Ottawa.

In addition to her current responsibilities, Khatera focuses on professional training and development, optimal communication strategies, public speaking and change management.

Khatera is active in the community and volunteers with several organizations including the United Way and the Paul Martin Mentorship Program. She currently serves as a member on the Board of Directors of numerous organizations including the Travel Industry Council of Ontario (TICO) and is the President of the Ottawa Chapter of the Junior Chamber International (JCI).

Nicole Bursey

Nicole has spent 17 of her 25 year career in the travel industry with Transat. The various roles that she has held throughout her career, including sectors in retail, wholesale and cruise, have led her to her current position as Commercial Director, Transat. Nicole leads a team of Sales Managers, Business Development Representatives as well as the inside sales team who look after our retail partnerships in Ontario, Atlantic and Western Canada.

Nicole has served on the TICO Board for 1 year as a representative of the Canadian Association of Tour Operators and is a member of TICO's Governance and Human Resources Committee. She holds a Bachelor of Arts degree in Communication Studies.

While she can count many professional accomplishments throughout her career, none is more important than being mom to her 10 year old son, Max.

Jim Diebel

Hanover Holiday Tours has been operating escorted Motor Coach Tours across Canada and the United States since 1974. Jim Diebel joined the company in 1986 and in 1993 purchased the company, along with his partner, Diane. The company has grown dramatically, yet remained firmly committed to selling its tour packages through Travel Agents. In addition to being elected to the TICO Board in the fall of 2010, Jim also served as a Board member of Motor Coach Canada and a past board member of the American Bus Association. Jim proudly represents the Ontario Motor Coach Association on the Board and sits on TICO's Governance and Human Resources Committee and the Legislative and Regulatory Modernization Committee.

Rick Edwards, CPA, CGA

Richard is the Controller for The Travel Corporation (Canada) (TTC). He has more than 30 years of progressive accounting experience. Prior to joining TTC, Richard held various roles including 8 years with Pogue & Company as an auditor. He has 20 years of travel industry experience, spending the last twelve years with TTC where he is responsible for financial reporting, audit, budgeting, payroll, general accounting and insurance. Richard is a graduate of Seneca College with an Accounting and Finance Diploma. Richard is Chartered Professional Accountant, having earned his Certified General Accountant designation in 2002. Since 2010 he has been Treasurer for Canadian Association of Tour Operators (CATO) and was appointed to the Board of Directors in 2015 as a representative of CATO currently serving as Chair of TICO's Audit, Technology & Risk Management Committee and also serves on the Business Strategy Committee.

Mike Foster

Mike Foster is President of Nexion Canada, ULC with headquarters in London, Ontario. Part of the Travel Leaders Group and serving Independent Contractor home-based and store-front agents across Canada, Nexion Canada opened in 2013. Mike opened his first agency in 1982 and has over the years added a number of agencies through acquisition, building

one of the area's largest travel agency companies with as many as 5 agencies serving leisure, corporate, group, and incentive travel, as well as Independent Contractor agents. He has served a variety of roles in both ACTA Ontario and TICO for the past several years. Mike has also been a member of the College Advisory Committee for the Tourism and Hospitality Division of Fanshawe College in London, as well as a board member and fund-raiser for a number of charitable organizations in London, including the Sunshine Foundation, Junior Achievement, the Small Business Centre, and the London Health Sciences Centre. Mike has also been involved in the submissions of proposed changes by both ACTA and TICO, and is focused on bringing real, substantial, and positive change to the travel industry.

Louise Gardiner, CTM

After 40 years in the retail travel industry, and most recently as an executive leader of Carlson Wagonlit Travel's North American Leisure Division, Louise retired on January 1, 2019. She continues to serve on both the Travel Industry Council of Ontario (TICO) and the Association of Canadian Travel Agencies (ACTA) Board of Directors. In her retirement, Louise is pleased to take on the part time professor position teaching travel at Conestoga College Doon Campus in Kitchener inspiring her students to follow in the same career path as she did. Louise has been a Rotarian for over 25 years. She has taken on many roles in Rotary including President of her Rotary Club in 2002. She is currently a member of District 7080 Rotary Training committee and is President-Elect 2020-2021 of the Rotary Club of Kitchener. During her career, she was honoured with the CWT Outstanding Associate Branch of the Year and the KW Better Business Bureau Integrity Award and was nominated as Kitchener Waterloo Woman of the Year for her philanthropic Rotary service.

Jean Hébert

Jean Hébert has lived in Ottawa, Ontario since 1997. He was born in Québec where he obtained his bachelor degree in political sciences with Honors in public administration from Laval University. Jean Hébert has been in consulting services since 2006 in strategic planning, in project/program/policy development and management, and in strategic communication and government relations. As a consultant, he has worked extensively in the education sector, with francophone communities in minority situation across the country, in organizational performance, in community organization. He has worked for more than 25 years with various provincial and federal departments at the senior management levels either as consultant, senior advisor and ministers' chief of staff, and for a national crown corporation as special advisor to the Board Chair and a director in the business development area. He also worked in economic development areas as industrial commissioner, including in the tourism industry. He is involved and still volunteering in his community in social and economic development areas. He was a member of the Judicial Appointments Advisory Committee under the Ontario Ministry of the Attorney General from 2016 to April 2019. Mr. Hébert joined the TICO Board in 2011 as a ministerial appointee and serves a few of TICO's committees such as the Audit, Technology & Risk Management, Governance and Human Resources, Business Strategy and Legislative and Regulatory Modernization Committees. He now serves as Chair of the TICO Board of Directors since January 2016.

Vigneswaren (Warren) Kanagaratnam

Warren has been a public appointee to the TICO Board of Directors since August 2017. Prior to this, he also served in two other Provincial Boards such as in the Council of the College of Physiotherapists of Ontario and Ontario Film Review Board for 9 and 2 years respectively. Warren has the experience in accounting and administrative fields; having served in many parts of the world with commercial organizations such as in Sri Lanka with Indian Airlines, in Dubai with Hepworth Plastics Gulf, in South-Africa with PEP Manufacturing and in Ontario with Conros Corporation for their American Division. Warren is actively involved in community activities and received Volunteer Awards from Ontario Government as well as from Federal Government of Canada.

Ian McMillan

Ian McMillan is the International Marketing Specialist for Destination Northern Ontario. He had been the Executive Director of Tourism Sault Ste. Marie since 2001, working with industry partners to develop tourism products, and promote the city as a tourist destination. Prior to that, he was Executive Director of the regional Algoma Country tourism office, before moving to the Northern Tourism Marketing Corporation as Brand Manager. He is a graduate of the Humber College Public Relations Program, and holds a Certified Travel Industry Specialist designation from the tourism industry. Ian has served as President of Attractions Ontario, Chaired Cruise Ontario as part of the Great Lakes Cruise Coalition, and currently serves on the Tourism Industry Association of Ontario Board, as well as on the Sector Committee of Destination Ontario. He was inducted into the Festivals Events Ontario Hall of Fame in 2017, received the 2018 Destination Northern Ontario President's Award and the 2019 Attractions Ontario Lifetime Achievement Award. Ian joined the TICO Board in 2015 and also sits on the Legislative and Regulatory Modernization Committee and is Chair of the Business Strategy Committee.

Lorraine Nowina

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

Marc Patry

Marc and his wife moved to the Galapagos in 1998, spending 4 years working on nature conservation projects. While there, they chartered a small cruise ship for friends and before they knew it, they had started Cultural and Natural Heritage Tours – a business focusing exclusively on Galapagos cruises. Marc went on to work for the United Nations in Paris and Nairobi while his wife grew the business. In 2015 he resigned from his UN post joined his wife full time with the business. Based in Ottawa, they now help over 500 people book a Galapagos cruise every year. Marc also sits on the board of the Galapagos Tour Operator's Association and is a governing member of the Charles Darwin Foundation general assembly. Marc serves on the Governance & Human Resources Committee.

Scott Stewart

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

Robert Townshend, CTC

Robert Townshend is the President of Total Advantage Travel & Tours since it's inception in 1995. The agency holds both retail and wholesale licences. Robert has 35 years experience in the travel industry working for various other agencies prior to the opening of his agency. Robert is actively involved in the Travelsavers consortium speaking at several conferences. Robert is a graduate of Ryerson University and the Canadian Travel School. He has taught the travel and tourism program at both Centennial College and Sheridan College. He was the on-air travel advisor on the TV show "Bad Trips Abroad". He currently sits on the Travel Industry Advisory Board for a major Canadian tour operator. He was elected to the TICO Board of Directors in 2018 and also serves on TICO's Business Strategy Committee.

Brett Walker

Brett began his career with Collette in 1989. He held successive positions as District Sales Manager, Regional Sales Manager, Operations Manager and his current role, General Manager. In this role, Brett is part of a leadership team responsible for Collette's strategic design and execution here in Canada. Brett has been a longstanding member of the Board. First elected as a Member at Large for the maximum term of 9 years. Brett rejoined the Board in 2013 as an appointed member by Canadian Association of Tour Operators (CATO). Brett serves on the TICO's Business Strategy and the Legislative and Regulatory Modernization Committees. He is also Vice-Chair of CATO. He attained a BA from Bishop's University, Strategic Management from Queen's, Masters in Business Administration (MBA) from University of Guelph and his Master of Laws (LLM) from University of Toronto.

Appendix III

Statutory Appointments

Richard Smart
Statutory Registrar,
Travel Industry Act, 2002

Michael Pepper
Statutory Director,
Travel Industry Act, 2002

Patricia Jensen
Deputy Director,
Travel Industry Act, 2002

TICO Leadership Team

President & Chief Executive Officer
Richard Smart, CPA, CA

Vice President, Operations
Dorian Werda

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

Legal Counsel & Director, Litigation
Tim Snell, LL.B., LL.M.

Director, Financial Compliance
Sanja Skrbic, CPA, CA

Director, Information Technology
Antoine (Tony) Aramouni

Auditors

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

BIOGRAPHY OF RICHARD SMART, CPA, CA

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

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

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

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

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

BIOGRAPHY OF DORIAN WERDA

Vice President, Operations

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

In June of 1997, the Ontario government delegated the responsibility of administering Ontario's Travel Industry Act, including the Ontario Travel Compensation Fund, to TICO. Dorian was promoted to Manager, Administration & Claims, overseeing TICO's Claims and Consumer Complaints Departments. In 2012, she became Director, Customer Service and Stakeholder Relations and in 2014, she was promoted to the position of Vice President, Operations, responsible for managing TICO's Claims, Complaints, Compliance and Investigations Departments.

In 2016, Dorian attended Harvard Kennedy School Executive Education and earned a Certificate in Strategic Management of Regulatory and Enforcement Agencies.

BIOGRAPHY OF TRACEY MCKIERNAN, LL.B.

Legal Counsel & Corporate Secretary

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





Travel Industry Council of Ontario • 55 Standish Court, Suite 460 • Mississauga • Ontario • L5R 4B2
Tel: (905) 624-6241 • Fax: (905) 624-8631 • Toll: 1-888-451-TICO E-mail: tico@tico.ca • Web: www.tico.ca