

CLUB TRAVEL SUBMISSION RE: REVISION OF LICENCING, BONDING & PUBLIC PROTECTION

- 1) **Licencing should be maintained** but greatly simplified
- 2) **Licences should be indefinite for Travel Agents** who participate in Collective Bond as accounts are vetted to participate
- 3) **Collective Bond participants** should be exempt from requirement to provide audited accounts to C.A.R.
- 4) **Tour Operator & Travel Agent** Licence should be combined where Tour Operator turnover is 20% or less of total turnover
- 5) **Post paid sales** (i.e. debtor accounts) Credit Card sales & Instant Purchase Tickets to be excluded from licencable turnover
- 6) **Only annual requirement** by C.A.R. should be to confirm **(1)** Auditors T/O Certificate **(2)** participation in Collective Bond & confirmation of breakdown of Tour Operator turnover if joint licence
- 7) **Licencable turnover** should be based on prior year.
- 8) **Bond** be reduced to 2% for Travel Agents (I do not have a clear view re appropriate Tour Operator level)
- 9) C.A.R should **not** involve itself in determining **staff suitability**
- 10) **Make carriers responsible** for ensuring the entity to whom they sell blocks of seats **or** charters to has a licence
- 11) **Increase penalties** for unlicensed trading & greatly increase enforcement as there has been very little enforcement to date

- 12) Designate Local Authorities to cover enforcement
- 13) Exempt Schools, Parishes, Club – (not sure about this?) **(discuss)**
- 14) **New Entrants turnover** to be determined by **min fixed amount** say €400,000 turnover **or** projected turnover whichever is greater
- 15) **Escrow accounts** would likely present significant administrative difficulty
- 16) **Universal Protection – Airline Failure , Public Liability & Emergency Cover**

In the area of Consumer Protection there is an issue with more dire financial consequences affecting a greater number of people each year than Airline/Tour Operator failure namely **uninsured/under insured** Travellers.

In many instances the tragedy of death & serious injury are compounded by severe financial costs for Medical Expenses and Repatriation. (The Department of Foreign Affairs probably has accurate figures on death/serious injury)

These costs can be from €5,000 to €100,000+. With increasing numbers of young people travelling further the problem with increase.

These young travellers plus and increasing % of all travellers booking online are never given advice (as used to be the case in dealing with agency staff) on the need to take insurance, hence many travel without it either through ignorance or to save money.

The 1995 Package Holiday Act makes Operators responsible for “Public Liability’ in respect of suppliers abroad where a “Package is sold to the consumer”.

This provision now applies to an increasingly smaller number of travellers due to online booking of flights and hotel separately.

In addition it imposes a significant financial burden on Tour Operators which **flight only** and **hotel only** providers are not required to provide.

An estimate of the total cost of this to Travel Agents is at least €1.5million p.a. In addition Tour Operators pay a similar amount

The review of the legislation provides an opportunity to provide **Universal Minimum Coverage for All Travellers** whether insured or uninsured.

The Universal Traveller Protection (U.T.P)fund would then cover **3 key elements** for the vast majority of travellers no matter how they booked **provided** they could show they had paid the U.T.P.

The minimum proposed cover would be (1) **Repatriation** up to **€20,000** (2) **Medical Expenses** abroad up to €100,000 (3) **Emergency** Family Travel €5,000.

In the case of insured travellers the fund would cover shortfall (if any) on an existing policy.

In the case of uninsured travellers (guesstimate 50%) **the Fund** would cover costs in above categories with an excess of say €500/1,000/2,000.

The fund would be a **Multi Purpose Fund** to cover (1) Airline Tour Operator Failure (2) Emergency Financial Assistance (3) Claims against foreign hotels/accommodation providers.

The fund would be financed by a Universal Traveller Protection Tax (**UTP**) of €1-€5 on all airline tickets sold by airlines in Ireland whether on Internet or via Travel Agents. All accommodation only websites with Irish HQ would also be required to pay.

The cost of collection of UTP **is the same** whether it covers Airline & Tour Operator Failure only **or** additional areas like Emergency Assistance & Public Liability.

A number of years ago there was an Irish Govt Tax of £5 (which was purely an Exchequer measure). The U.T.P could be collected in this way.

In the case of Charters the Charter Airline would collect UTP and pay it to the Fund.

If implemented this would provide a great deal of reassurance to **all travellers** that there is a safety net when travelling.

17) The Public Liability issue pertaining to **1995 Package Holiday Act** also applies to a decreasing minority of travellers who book with Tour Operators. This should be abolished and the Public Liability element incorporated into the Fund which would deal with Public Liability claims against hotels/apartments and other foreign suppliers **or their insurers.**

This Act should be abolished as it applies to a minority of travellers.

18) Relying on **foreign licences** could be difficult as I understand the UK protection extends only to those who purchased the product **“in the UK”** hence does not/did not cover somebody living in Ireland.

There are likely to be similar issues/restrictions/problems with other countries until there is harmonisation of cover within EU.

In addition there are likely to be difficulties in submitting a claim.

- 19) **U.T.P has the advantage** of reminding clients **every trip** that they are protected
- 20) **U.T.P should remove** need for Bonds for Travel Agents (at least) within 1/2years thus levelling the playing field which at present is very uneven.
- 21) **U.T.P is flexible.** It can be increased/decreased/suspended/reinstated as the needs arise. U.T.P is like **"pay as you travel"** like a Toll Rd
- 22) **There is a opportunity with the revision of licencing to include Public Liability cover with U.T.P**

This would alleviate a **major cost** of Travel Agents/Tour Operators & further level the playing field for all **suppliers of services air & ground.**

It has the great advantage that every client is paying **once** for Financial Protection as well as **unforeseen problems** abroad.

- 23) **U.T.P** should be collected by Carriers, Clubs, Travel Agents, Tour Operators online and offline.
- 24) It would be desirable if all EU countries were to implement comprehensive legislation to cover some/all aspects of this paper. Until this happens we can do a great deal to improve on the current model in Ireland.

The objective of New Regulations should be to transfer the costs of Bonds and Public Liability to all passengers equally & to offer all passengers equal protection now and in the future regardless of how or what they book

Finally in the event that Universal Protection is not introduced, I would recommend that licensing is abolished while bonding remains as licensing would serve little useful purpose thereafter.

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