

**From:** Travel Centres [mailto:dominic@travelcentres.ie]  
**Sent:** 31 October 2008 14:47  
**To:** info  
**Subject:** Response to the consultation on the Review of Travel Trade Legislation in Ireland  
**Importance:** High

Dear Regulator,

Travel Centres is an Irish-based consortium that represents just under 60 independently-owned and managed travel agencies throughout Ireland. The submission that follows therefore represents an amalgam of the views, opinions and recommendations of our collective membership. We believe that the travel trade in Ireland should continue to be regulated as such regulation would be in the best interest of the travelling public. Having said that, the existing legislation clearly needs to be changed in order to take cognisance of the very different world within which travel agents and other travel entities trade and also within which consumers make travel purchases. Given that the original legislation was enacted in response to the high profile collapse of Bray Travel so that future consumers would be protected, it is ironic that some 25 years later, a significant proportion of the travelling public that this legislation was originally designed to protect are in fact, not protected at all because they choose to make their travel arrangements through a variety of channels other than through tour operators or travel agents. A further anomaly exists in that principals such as airlines have never had to provide cover against insolvency etc., because 25 years ago, most major airlines were state-owned and rarely went bust. Fast-forward to 2008 when at least two or three low-cost carriers go bust every other week. The last anomaly that we would like to see addressed is the ridiculous amount of bonding that is required every year, such that the combined level of bonding that appears to be in place at any one given time is around €130m, whereas collective losses in any given year have never amounted to more than say €5m!

Our recommendations are as follows:

1. That all travel agents and tour operators continue to be licensed
2. That such licenses, once issued, should not have to be renewed every single year — thus greatly reducing the administrative burden on both trade and the regulators's office alike. The regulator could continue to retain the discretion and power to perform random audits of travel agents or tour operators if it was felt that there was prima facie evidence to suggest that such an audit would be desirable/necessary.
3. That the same license should be issued in respect of both travel agents and tour operators. Differentiation between the two should be accounted for by appropriate bonding requirements, depending on the mix of the two as a percentage of overall turnover with the commensurate risk that each type of business turnover represented. (e.g. tour operating being a more speculative endeavour, would attract higher/more onerous bonding to be put in place)
4. That the criteria for license issuance should be based on a combination of sound financials and general fitness to trade (i.e. trade qualifications, minimum years of experience etc.)
5. That entities (other than principals) who illegally trade by arranging any kind of ad hoc travel arrangements that take consumers outside of Ireland should be penalised by severe fines
6. That bonding requirements should be immediately cut by at least 50% (if not more).
7. That other key players in the international travel arena who operate out of Ireland, should also be required to provide some kind of consumer protection in those instances where bookings are made directly with that entity by the consumer. Examples to include:
  - All airlines (including pure charter carriers)
  - All Ferry companies
  - All cruise Lines
  - All coach operators (for travel outside the jurisdiction of the state, excluding northern Ireland)
  - All accommodation-only brokers
  - All car-hire companies and brokers
  - All e-commerce entities

Given the obvious difficulty that would be encountered in trying to either police or enforce legislation in respect of e-commerce entities who, by definition, could be located literally anywhere in the world, it would therefore make more sense, from a purely practical point of view to impose some form of departure tax that would be levied on all people departing the country. Given the volumes of traffic passing through our airports and ferryports each year, this levy wouldn't have to be very large (e.g. somewhere in the range of €3 to €10) and this could be reduced in time as the fund itself became sufficiently large. A proportion of the funds collected could be used as an insurance excess — say €5m — and a smaller slice of those funds could be used to pay

an insurance premium in order to reinsure everything else between €5m and €20m, or whatever levels were felt to be appropriate/necessary. This 'captive market' type of insurance model would represent an extremely cost-effective means of providing maximum universal coverage within the shortest time frame and for the lowest cost.

The above does not address a number of other anomalies that also pertain to the current system but if implemented, would go a long, long way towards:

- I. Levelling the playing field for full-time professionals whose livelihoods depend on them being able to compete profitably and provide a worthwhile service to consumers
- II. Reduce the financial and administrative burden that is forcing more and more agents out of the industry — to the ultimate disadvantage of future travellers.

## **Travel Centres.**

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