

**Proposed arrangements for Travel Trade  
licensing in Spring 2011**  
Commission Notice 1/2010  
CN1/2010

6 December 2010

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## **1. PURPOSE OF NOTICE**

- 1.1 This Notice sets out how the Commission is minded to implement the travel trade licensing regime in the Spring licensing round of 2011. The Commission wishes to avoid a repetition of the difficulties earlier this year, including those associated with the absence of a collective bond on the desired timescale, and to allow sufficient time for applicants to meet the requirements of the financial services industry associated with securing a bond.

## **2. BACKGROUND**

- 2.1 The Commission wishes to clarify its arrangements for the Spring 2011 licensing round in order to facilitate a smooth and orderly renewal of licences, for the benefit of all concerned.
- 2.2 There were significant difficulties earlier this year (the Spring 2010 round) in renewing the licences of existing licence holders. The normal arrangements necessary to renew a collective bond were not been finalised in sufficient time. Although eventually a collective bond was offered that was acceptable to the Commission and licences were renewed, substantial additional administration and considerable uncertainty was caused. The Commission is keen to ensure that such difficulties do not arise in the future.
- 2.3 In addition, the process followed by the financial services industry, prior to deciding on whether to offer a bond to a given travel firm, appears to be taking longer than in previous years. As far as possible, the proposed licensing period seeks to accommodate this process while renewing licences by 1 May 2011.

### **3. SUBMISSION OF PROPOSALS FOR COLLECTIVE BOND IN 2011**

- 3.1 Under the bonding regulations of the Transport (Tour Operators and Travel Agents) Act 1982, the bond required to be held by travel companies seeking a travel trade licence may take a number (including a combination) of the following forms:
- (i) a cash bond deposited with the Commission
  - (ii) a cash bond deposited in a financial institution in the name of the Commission
  - (iii) a guarantee with a bank or an insurance company
  - (iv) a guarantee of such other type that is acceptable to the Commission
  - (v) a collective bond by a group of travel agents provided the amount of the bond in respect of each travel agent equates to the sum required had they secured an individual bond.
- 3.2 For many years, the Retailers' Trust Fund has arranged a collective bond for members of the ITAA. In addition, from time to time, enquiries have been made of the Commission by other parties considering organising a collective bond.
- 3.3. Before a licence is granted or renewed, the Commission must be satisfied with the bonding arrangements proposed.<sup>3</sup> In the past, bodies wishing to offer a collective bond have generally engaged with the Commission in good time in order for a collective bond to be offered in time for a licensing round. However, this was not the case in 2010.
- 3.4 To avoid a repeat of the disruption of earlier this year, and to clarify its requirements for all concerned, the Commission is setting a deadline of 14 January 2011 as *the latest date* by which the arrangements for a collective bond need to be provided to the Commission for its assessment of whether they are satisfactory in terms of the Act. Entities are however encouraged to provide materials in advance of that date where possible. The Commission will adjudicate on any collective bond proposals by 31 January 2011.

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<sup>3</sup> Section of 13(1) of the Act.

- 3.5 This deadline also means that applicants for a licence will know in good time what, if any, collective bonds are available in 2011.
- 3.6 Bodies contemplating arranging a collective bond must meet the Commission's licensing timetable set out below. A collective bond provider will need to satisfy the Commission that it can decide whether to admit a company to the collective bond scheme within the four weeks following the Commission's issuing a decision-in-principle letter to that applicant. The period in question will be 14 March to 15 April 2011.
- 3.7 Bond providers unable to arrange their scrutiny of bond applicants to coincide with the Commission's licensing timetable will be deemed not to have a collective bond scheme acceptable to the Commission.

#### **4. TIMETABLE FOR LICENCE APPLICATIONS, LICENSING DECISIONS, AND GRANTING OF LICENCES**

- 4.1 For Spring 2011, the general approach to the licensing round will be as follows:
- The Commission aims to issue decision-in-principle letters four weeks from receipt of completed applications<sup>4</sup>
  - Applicants are allowed a maximum of a further four weeks to obtain a bond
  - The Commission aims to grant licences within two weeks of receipt of a bond.

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<sup>4</sup> Where all outstanding information has been sent to the Commission and evaluated as satisfactory.

4.2 On this approach, the following deadlines arise:

<b>Date</b>	<b>Stage</b>
17 January 2011	Opening of on-line licensing facility
14 February 2011	Deadline for receipt of completed licence application at standard fee
14 March 2011	Date Commission aims to issue decision-in-principle letters for applications made by 14 February
15 April 2011	Deadline for receipt by Commission of applicant's bond for licence to be granted by 1 May 2011

## **5. FEE/LEVY STRUCTURE**

5.1 Consistent with the timetable set out above, the following fee/levy structure will apply in 2011.

5.2 A completed renewal application submitted by the deadline of 14 February 2011 will attract the standard application fee of €300. A set of audited financial accounts is sought by the Commission within 4 months of the end of the accounting year except that accounts for entities with December year-ends are sought by 31<sup>st</sup> March, which is a three month period.

5.3 Applications received after 14th February 2011 but before the 1<sup>st</sup> of March will attract a levy of €1956 in respect of each application.

5.4 Applications received after 1<sup>st</sup> March will attract a levy of €3913 in respect of each application.

5.5 The dates and associated application fees/levies are set out in the table below.

<b>Date of submission</b>	<b>Application fee</b>	<b>Levy</b>	<b>Total</b>
Up to 14 February 2011	€300	0	€300
After 14 February and before 1 <sup>st</sup> March 2011	€300	€1956	€2256
After 1 <sup>st</sup> March	€300	€3913	€4213

5.6 In addition to the charges set out above, financial accounts that do not reach the Commission in accordance with timelines in 5.2 above will incur a levy of €1956.

## **6. ARRANGEMENTS FOR APPLICANT WITHOUT A LICENCE IN MAY 2011**

6.1 The Commission only commits itself to grant licences before 1 May 2011 to those applicants who provide a bond by 15 April 2011.

6.2 To protect customers who made bookings under the current licence, applicants who do not have a bond by 15 April 2011 will be required to obtain a new bond for the new licensing period while retaining the bond on the existing licence. This cost can be avoided by making timely arrangements to secure a bond. The Commission recommends that applicants start the bond search process no later than the time of submitting a licence application to the Commission.

6.3 In addition, those travel agents who have not secured a licence by 1<sup>st</sup> May 2011 must:

- not carry on business as a travel agent or hold themselves out as carrying out such business
- confirm to the Commission that they will not trade until a new licence is issued.

## **7. RESPONSES TO PROPOSED 2011 ARRANGEMENTS**

- 7.1 Any comments on the Commission's plans for the Spring 2011 licensing round should be sent in writing to:

Alan Richardson,  
Manager of Licensing,  
Commission for Aviation Regulation,  
Alexandra House, Earlsfort Terrace,  
Dublin 2

or via email to  
traveltrade@aviationreg.ie

by

**4pm on Thursday  
16<sup>th</sup> December 2010.**

- 7.2 If, following consideration of any comments received, the Commission decides to amend these proposals, a final Notice will be published on the Commission's website on or before Tuesday 21st December 2010.