

Spring 2011 Travel Trade licensing

Commission Notice 2/2010

CN2/2010

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1. PURPOSE OF NOTICE

- 1.1 This Notice sets out how the Commission will implement the travel trade licensing regime in the Spring 2011 licensing round. The Commission's objective is to facilitate a smooth and orderly renewal of licences.

2. RESPONSES TO CN1/2010

- 2.1 The Commission's initial thinking on the Spring 2011 licensing round was published as CN1/2010 on 6 December 2010. Responses were received on 16 December from Mr. Jim Enright of Sol Travel, Mr. Anthony Kelly of PAB Travel & Tours, and the Irish Travel Agents Association (ITAA). These are available on the Commission's website, www.aviationreg.ie.
- 2.2 Mr. Enright's submission concerned perceived inadequacies in the licensing regime; he also queried the need for audited accounts from small firms. Mr. Kelly sought relaxation of auditing deadlines, and suggested that firms should seek bonds at the same times as submitting licence applications. The ITAA indicated that it had no great difficulty with the proposals of CN1/2010, although it opposed the earlier application of penalties, and wished agents not to be delayed from getting a licence by 1 May through not having a bond by the Commission's deadline of 15 April. The ITAA submission also sought clarification regarding a number of statements in the Notice, and it too urged relaxation of the auditing requirements. The Commission has sought in this document to answer any questions raised and to provide the clarifications sought. The ITAA disagreed with the Commission's characterisation of the Spring 2010 licensing round in CN1/2010 and elsewhere.
- 2.3 In regard to audit requirements, the Commission is preparing to issue revised Statutory Instruments, to give effect to amended requirements for audited accounts. Early in 2011, the Commission will issue a further Commission Notice setting out the process to follow for travel trade licence applicants, who qualify for exemption from the audit requirements of the Companies

Acts, and who wish to seek an exemption from the audit requirements of the travel trade licensing regime.

3. SUBMISSION OF PROPOSALS FOR 2011 COLLECTIVE BOND

- 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 guarantee with a bank or an insurance company
 - (iii) a guarantee of such other type that is acceptable to the Commission
 - (iv) 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.³ In particular, as indicated in CN1/2010, intending organisers of a collective bond must meet the Commission's licensing timetable set out below, in particular, in paragraphs 3.4 and 3.6.
- 3.4 The Commission has set 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.

³ 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 A collective bond provider will need to satisfy the Commission that it shall make a decision on 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. As indicated below, applicants without a bond by 15 April 2011 have no assurance of a licence by 1 May 2011; those without a licence on that date will require a bond for the new licensing period while retaining the bond for the existing licence.
- 3.7 Collective 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, subject to receiving all necessary information and finding it to be satisfactory, the general approach to the licensing round will be as follows:
- The Commission aims to issue decision-in-principle letters four weeks from the deadline for completed applications of 14 February 2011
 - 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.
- 4.2 On this approach, the following deadlines arise:

Date	Stage
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 licence 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 31st March, which is a three month period. (It is suggested that the present document be used as evidence of these deadlines in any engagement between travel companies and others.)
- 5.3 Applications received after 14th February 2011 but before the 1st of March will attract a levy of €1956 in respect of each application.
- 5.4 Applications received after 1st 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.

Date of submission	Application fee	Levy	Total
Up to 14 February 2011	€300	0	€300
After 14 February and before 1 st March 2011	€300	€1956	€2256
After 1 st 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 late accounts fee of €1956 (in respect of each licence held).
- 5.7 The Commission will adhere strictly to the deadlines above. The Commission will provide an appeal form in respect of levies that may be submitted – prior to the deadlines concerned – to the Head of Licensing at the Commission setting out for consideration exceptional grounds why levies should apply.

6. ARRANGEMENTS FOR APPLICANTS WITHOUT A LICENCE IN MAY 2011

- 6.1 The Commission only commits itself to grant licences by 1 May 2011 to those applicants who provide a bond to the Commission by 15 April 2011.
- 6.2 Applicants without a bond by 15 April 2011 have no assurance of having a licence by 1 May 2011. To protect customers who made bookings under the current licence, such applicants 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.
- 6.3 The Commission recommends that applicants start the bond search process no later than the time of submitting a licence application to the Commission. Bond documentation will be available on the Commission's website from the date of opening of the online licensing facility.
- 6.4 Those applicants who have not secured a licence by 1st May 2011 must:
- not carry on business as a travel agent or tour operator or hold themselves out as carrying out such business,
 - confirm to the Commission that they will not trade until a new licence is issued.