

Solar Travel

The Complete Holiday & Business Travel Service

Commission for Aviation Regulation
3rd Floor
Alexander House
Earlsfort Terrace
Dublin 2

October 31st, 2008

Re: Review of Travel Trade Regulation

Dear Commissioner

I am writing to you in respect of the ongoing review of Travel Trade Regulation, being undertaken by your office.

As part of this this welcome review, I believe that it is now imperative that the existing outdated, costly, and inequitable approach to bonding is now addressed. The Commission on Aviation Regulation's consultation paper reveals many of the problems with the current regime, and the only reasonable conclusion to be drawn is that a substantial overhaul of the current system is pressing.

It is clear that the requirement for bonding imposes a heavy financial burden on regulated businesses. These businesses are obligated to ring fence a significant percentage of working capital solely to satisfy bonding requirements, which constrains companies from competing and distorts the market.

In addition, the current requirements that travel agents much meet, are I believe, in breach of the Government's strategy for better regulation, which aims to 'regulate as lightly as possible'. Indeed, the Commission on Aviation Regulation itself notes that the current licensing regime does not distinguish between businesses of different sizes, and that smaller agents may find licensing costs a relatively greater burden than their larger counterparts.

I would urge the Commission on Aviation Regulation to address the bonding requirements as a matter of urgency, and to reduce the bonding level by at least to 2%, or indeed eliminate it entirely and provide public protection by re-introducing the public protection fund ie collection it as a tax on departure . The main reason I would ask elimination of bonding is that there is a considerable amount of unlicensed trading in operation without any policing .In support of this proposal, I draw your attention to three key points:

- An analysis of bond calls since 2000 shows that 2% is adequate to cover the costs arising from that small number of failures whose closure has triggered a call on the bond. (Is it possible that new licensed entrants would either have a higher level of bond for a period of two to three years ?)
- Agents typically hold customers monies for very short periods of time. Consequently, on those rare occasions where agency closures lead to calls on bonds, the amounts involved have not been substantial.
- The very requirement to set aside 4% of total turnover as a bond seriously damages the competitiveness of small businesses.

The travel industry has a presence across Ireland, in every town and city, and in every county. The industry makes a very considerable contribution to employment, and to the national exchequer. In undertaking this evaluation of travel trade regulation, the Commission on Aviation Regulation must, I believe, place a high priority on reforms which will help the industry to grow for the future, whilst also providing the protections that the travelling consumer demands and deserves.

By addressing the current bonding requirements, as outlined above, the Commission on Aviation Regulation would meet these two important objectives, to the benefit of our industry and our customers.

Yours sincerely



Tony Griffith
Managing Director