

From: Tom Randles

Sent: Monday 26 August 2019 12:36

To: Info <Info@aviationreg.ie>; Gavin Lyons <

Subject: FW: Review of existing insolvency protection arrangements - Consultation paper & Interim report. - draft email

Hello Gavin

We have studied in detail the consultation paper and interim report and have the following points to make.

The Traveller Protection Fund (TPF) which we understand currently stands at €1.3m has been largely depleted by the collapse of Lowcostholidays where a total of €3.26m had to be paid out of the TPF to the 4,200 customers who lodged claims. Lowcostholidays were just bonded for €79,243 at the time.

As outlined in previous meetings, the Commission (CAR) were entirely responsible for reviewing and licensing Lowcostholidays and failed completely to adequately protect the Taxpayer and now the Travel Trade and travelling public are being asked to pay for the Commission's failures by way of topping up the fund.

Since the collapse of Lowcostholidays, CAR is to be commended for more actively monitoring Travel Agents/Tour Operators by requesting monthly/quarterly figures. This has resulted in a better understanding of the potential risk of a travel company failing.

Also, per CAR's figures, between 60-70% of failures have been within the bond level and if we exclude Lowcostholidays, any failures since 2010 have all been under or just at the applicable bond level.

So why the need to top up the fund?

Since CAR's improved monitoring of travel companies and in addition to receiving regular financial information, CAR can now quickly assess the potential risk of a company failing. Would it not be more prudent for CAR to adjust the applicable individual bond levels if they deemed a company as high risk depending on certain agreed criteria. This method is in fact adopted by IATA to evaluate travel companies worldwide and is accepted as working most effectively.

In order to set an acceptable Bond level, our suggestion is that CAR work with the ITAA to discuss and define the criteria for increasing a bond and to do this in the same way as IATA did with the airlines and travel trade. The result of this will be that those high-risk firms would have a higher bond level appropriate to their risk and avoid any potential call on the TPF.

Europe Economics' suggestion that the TPF be increased to €5.2m to withstand two large collapses in the same year is totally unjustified in our opinion. Excluding Lowcostholidays

(for reasons already outlined above), we must go back to 2010 to find where the bond level was exceeded, and this was just for one company.

The majority of failures occurred in 2009 which was as a result of Ireland's economy crashing. The lessons learned and with more regulations now in place on banks has resulted in a more stable economy and the level of failures has dropped dramatically.

This along with the recent more effective monitoring of travel firms by CAR does not warrant the TPF to be increased whatsoever.

CAR's argument that they expect the costs incurred by the introduction of a levy to be passed on the public is unsubstantiated, our experience in the travel industry is that firms will only pass a charge where it is reasonable and that the public are prepared to pay, any potential extra charge will lead to (as CAR agrees) to more people moving away from packaged travel to self-organised travel and this puts the viability of smaller travel companies at risk (which all of the above is striving to avoid) with the knock on effect of job losses.

It is result of our findings that the proposed introduction of a levy on travel companies to top up the TPF is totally unjustified.

In order to analyse the details further, it is essential that we know what is the current total amount of Licensable Turnover for Travel Agents and Tour Operators.

We are undoubtedly an interested party are entitled to know this information under the Freedom of Information Act.

We in J Barter International Ltd as a long-standing member of the travel trade agree that the protection of the consumer is essential but asking the current trade to contribute to top up a fund is an unnecessary burden on the trade particularly where there are alternative options to put in place that will protect the travelling public.

Look forward to hearing from you.

Yours sincerely,
Tom Randles
Managing Director