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Response to Commission Notice on proposed licensing arrangements in Spring 2011.

The Irish Travel Agents Association (ITAA) responds to the notice published by the Commission for Aviation Regulation (CAR) on 6 December 2010 in the following terms.

Firstly, the Association and its members are equally as determined as the CAR to ensure smooth and orderly renewal of licenses. The ITAA has consistently worked to ensure this every year since the regime was established in 1982.

Secondly, the ITAA has no difficulty with the general principle that the CAR should adjudicate on the suitability of potential Collective Bond Providers by a deadline such as the one proposed (31 January 2011). We note, however, that, with the exception of the timetable requirement set out in paragraph 3.6, the CAR has not set out any criteria which may be applied when assessing such suitability. It would be essential that if any considerations other than those set out in the 1982 Act and SI 102/1983 will inform CAR's adjudication, that such considerations be notified to potential Collective Bond Providers in advance of the deadline for submissions.

Thirdly, it ought be noted that the Association does not accept the assertion in the notice to the effect that the ITAA's collective bond provider did not engage with the CAR in good time in 2010. This was not the case.

Fourthly, with respect to the CAR's timetable (para 3.6) we consider it a reasonable expectation that a Collective Bond Provider can decide whether to admit a company to a collective scheme in accordance with such a timetable. However it must be noted that in some cases, applicants may encounter delays in fulfilling conditions imposed by a bond provider (collective or other) which will delay the formal confirmation of an applicant's bond to a date later than the bond provider's decision in principle. This ought not hinder an applicant's licence approval in due time as seems to be proposed in section 6.2 (see below).

Fifthly, the ITAA has no great difficulty with the new timetable for license applications set out in section 4. We would point out that it would be helpful to applicants if the on-line application system could be open already – rather than from 17 January as envisaged. January/February tends to be a busy period for travel companies many of whom would prefer to commence tasks of this sort during the traditionally more quiet month of December.

Sixthly, the CAR proposes to shorten the deadline for filing of annual accounts applicable to applicants with December financial year ends from 4 to 3 months. We understand the need for CAR to introduce such a rule and would recommend that CAR should urgently provide a standard letter to affected applicants who could forward such letters to their auditors explaining the change in rules and the urgency of finalising audits by end March..

Seventhly, with reference to the planned revised fee structure we recall that the penalties for late filing (of both applications and annual accounts) are very onerous. In this context, we believe that:

- the penalty for late filing should <u>not</u> be doubled from €1956 to €3913 just 14 days after the deadline. Rather the double penalty should only apply a month after the deadline (i.e. after 14 March) as has been the case heretofore;
- there should be a transparent appeals process to review late-filing penalties imposed as these can arise through circumstances beyond the applicant's control.
- in particular in the event that applicants with December financial year ends have problems filing their audited accounts by 31 March due to scheduling problems on the part of their auditors no filing penalty should arise;

Eighthly, we are most concerned about the content of Section 6.2 of the Notice. The text suggests that the CAR is planning to place a moratorium on the issuing of licences between 15 April and 1 May thereby creating an artificial situation whereby applicants who for one reason or another are not licensed by 15 April are unable to secure a new licence contiguous with their expiring licence. We request further clarification of CAR's intention in this respect and the withdrawal of this specific proposal in the interim.

Ninthly, while it is not discussed in the Notice, we recall CAR's earlier proposal to amend the licensing rules to relieve agents below a certain turnover threshold, of the obligation to file audited accounts on an annual basis. We would urge that this change be adopted with all possible speed so as to provide some relief to agents who incur undue additional cost in having their annual accounts audited.

Finally, the ITAA noted with considerable surprise recent wholly unacceptable comment in the media provided by an anonymous CAR spokesperson offering opinions on the ITAA's Collective Bond and our confidential arrangements with both our insurers and our customers. Such commentary – even if it were accurate, which it was not - is grossly inappropriate on the part of any regulatory authority. We insist that the CAR must refrain from similar comment in the future.

Simon Nugent
Chief Executive