

ATIPAC
Annual Report 2010-11



© Air Travel Insolvency Protection Advisory Committee.

All rights reserved. Copies of this publication may be reproduced for personal use, or for use within a company or organisation, but may not otherwise be reproduced for publication.

To use or reference CAA publications for any other purpose, for example within training material for students, please contact the CAA at the address below for formal agreement. July 2011.

Enquiries regarding the content of this publication should be addressed to:

ATIPAC
CAA House
45-59 Kingsway
London WC2B 6TE
E-mail: atipac@caa.co.uk
Further information about ATIPAC is available at www.atipac.org.uk.

Designed by CAA on behalf of ATIPAC.

Introduction

Dear Mr Hammond,

I have pleasure in presenting the eleventh report of the Air Travel Insolvency Protection Advisory Committee (ATIPAC) covering the year ending 31 March 2011.

The travel industry has faced an extremely challenging year. First, it has had to contend with continued tough economic conditions and an increasingly cautious travelling public with less disposable income, and a more pessimistic financial outlook. Second, it has fallen victim to the effects of natural phenomena caused by volcanic eruptions and, to a lesser extent, by the unusually heavy snowfall in December. These events led to large scale flight cancellations and serious passenger disruption at airports, which posed significant operational and financial challenges for the industry.

In the last year 29 ATOL holders have failed. Although this number is identical to the previous year, it included two large failures, namely Goldtrail Travel Ltd and Flight Options Ltd. Both firms ceased trading at the height of the summer season and, in combination, rivalled the scale of the XL Leisure Group collapse in 2008.

Last year we reiterated once again our contention that ATOL reform was long overdue. We are, therefore, delighted that Government has already expressed its intention to introduce the secondary legislation needed to bring sales of flights sold with other elements such as accommodation under the ATOL Scheme. Whilst we welcome these proposals, we hope that Government will also review the position of "click through sales" and seek to implement primary legislation so that the protection scheme will also extend to sales made by airlines.

Reform should also result in the introduction of an ATOL Certificate, which would serve as a single document that consumers will come to recognise and expect when booking an ATOL protected product. With these developments, regulation of the industry will be clearly moving in the right direction, as the Government's proposals should result in more consumers enjoying financial protection under a clearer set of rules. We welcome the publication of the Government's ATOL reform consultation document and will seek to work with you to achieve the greater clarity for travellers that is so urgently needed.

John Cox OBE
Chairman

1. Travel Industry in 2010-11

The Committee was optimistic about travel prospects at the start of 2010, despite the challenges resulting from increased fuel prices and the continued strength of the Euro. Bookings to non-Eurozone destinations were strong and overall bookings were increasing, although they had not returned to pre-recession 2007 levels. The industry was at its most upbeat for several years.

Unfortunately, the eruption of the Eyjafjallajökull volcano in Iceland in mid April and the impact of the resulting ash crisis caused air space closures and the cancellation of thousands of flights. Tour operators estimate refunds and welfare arrangements cost them not only in direct financial terms, but also in consumer cancellations and reduced bookings. Although most commentators agree that tour operators responded well to the crisis, with those consumers on package holidays faring better than others, consumer confidence in the industry as a whole was shaken. This was coupled with threats of industrial action in a key part of the industry, which caused further uncertainty and had a negative effect on bookings. Moreover, households were tightening their belts, while they waited for the Government's emergency budget and promised spending cuts. As the industry began its modest recovery, partly facilitated by the slight strengthening of Sterling against the Euro, which improved bookings to Eurozone destinations, the peak summer season saw the failures of Goldtrail Travel Ltd ("Goldtrail") and Flight Options Ltd ("Flight Options") which caused more anxiety within the industry and concern for consumers.

At the end of summer 2010 bookings for the winter and the following summer were matching the previous year's performance whilst set against rising costs; however, booking levels were still poor in comparison to those experienced before the recession. Industry was also still

somewhat hesitant as it struggled with the Euro and Dollar exchange rates and Air Passenger Duty increases. Towards the end of the year bookings were affected by political unrest overseas which caused uncertainty in a number of important UK holiday markets.

Heavy snow throughout December also impacted on the travelling public and once again the industry suffered from negative publicity because of cancellations, stories of consumers awaiting refunds, stranded passengers and disrupted travel plans.

With the multitude of problems facing the travel industry, the Committee was encouraged by the high number of companies that applied to renew their licences during the March 2011 ATOL renewal. During this reporting period only 29 ATOL holders failed and this low level of insolvencies surprised the Committee during a very difficult and volatile market. The Committee believes the cumulative effect of the various challenges described above, together with poor sales for both long and short haul destinations and in particular reduced sales, on Greek and Turkish routes following the collapse of Goldtrail and Flight Options, contributed to these failures.

The most prominent failures in 2010-11 were the collapse of Goldtrail followed by Flight Options. Goldtrail unexpectedly failed on 16 July at the height of the summer season. The company primarily operated on a flight only basis and sold a limited number of holiday packages. The CAA expected an estimated 34,000 claims, representing just over 75,000 passengers. Like the earlier failure of the XL Leisure Group ("XL") in 2008, Goldtrail's trading methods were complex and in the Committee's view somewhat unorthodox. This, coupled with poor documentation issued by retailers, hampered claims processing. It quickly became apparent that a very high number of customers had purchased other travel elements such as accommodation at the same time as their Goldtrail flight seats, but under separate contracts. The failure

again highlighted an anomaly that had first come to the fore with XL and which had led to consumer confusion. The majority of these sales were sold on to the public with accommodation and/or other elements and the "holiday" sales documentation issued to many customers by travel sellers was ambiguous. We expect ATOL reform to address this issue and alleviate confusion for the consumer. With the unexpected nature of Goldtrail's failure in mind, the Committee awaits with interest the outcome of the liquidator's report on the company and will be interested to see whether there are lessons to be learned.

The trade also suffered from Goldtrail's demise as many firms either purchased their flight seats directly from Goldtrail or used the same charter seat suppliers. When Goldtrail ceased trading many of these flights were cancelled or firms were required to purchase additional seats to cover the shortfall. This may be one of the factors that led to the Flight Options' failure on 17 August with an estimated 22,500 forward bookings affecting 61,000 passengers. This second peak season failure came just 4 weeks after the collapse of Goldtrail and at the time of failure, Flight Options had approximately 22,500 passengers abroad who required repatriation. This exercise presented a number of challenges for the CAA, as alternative capacity on many routes was scarce. Like Goldtrail, this failure also featured a large number of flight only sales which other travel resellers sold on to the public with other holiday elements.

Peak summer failures are rare, but when they do occur they can have an impact on a large number of consumers. The repatriation exercise for these companies resulted in a higher figure than the total number of passengers repatriated during the XL Leisure Group failure in 2008. In the Committee's view the trading models of these companies again underlines the need for ATOL reform, as customer confusion over whether their holiday was protected in part, or in full by ATOL was prevalent in both cases.

2. Market Outlook for 2011-12

The Committee believe that trading in the travel industry will remain difficult during 2011-12. Indeed, the general feeling is that following two very challenging years for the industry and continuing tight margins there will be no recovery until 2012-13 at the earliest. General economic factors and the continued increases in fuel costs which will undoubtedly have to be passed on to the consumer will inhibit the return of consumer confidence and affect the resilience of holidaymakers. Financial uncertainty continues to impede the booking trends of consumers, who remain cautious, and concerned about political instability in some key areas.

The travel industry remains unstable, with consumers nervous when faced with the possibility of cancellations due to geo-political forces and natural disasters. The threats of industrial unrest both in the UK and abroad are also inhibiting buoyancy within the industry.

This lack of consumer confidence both in market stability and value for money, and the slowdown in consumer spending are likely to adversely affect bookings for 2012. The Committee continues to be concerned about the overall state of the holiday market and particularly the relationship of Sterling to other key holiday currencies, plus the high cost of aviation fuel; both these factors have a very significant impact on overall holiday costs and at this time the industry cannot see any amelioration of these costs.

3. ATOL Reform

The DfT announced its intention to consult the industry on ATOL reform on 3 February 2011 and published its public consultation on the reform of the ATOL Scheme on 23 June 2011 which outlines plans to licence sales of a flight sold with another element. The Committee is strongly in favour of this, as it will help to alleviate the confusion experienced by many consumers as to whether their travel arrangements are financially protected or not.

The outlined series of changes to ATOL as set out by the Government is now subject to the consultation which will run until 15 September 2011. The main aims of reform are to;

- extend the ATOL Scheme to Flight-Plus holidays comprising a flight and at least one other component bought within two successive days;
- that everyone booking an ATOL protected package holiday or Flight-Plus will get a recognisable 'ATOL Certificate' confirming their rights under the scheme for refunds and repatriation should their travel company fail;
- help ensure that businesses presenting themselves as 'agent for the consumer' in arranging holidays are fully aware of their legal responsibilities to consumers.

In addition the Government also announced its intention for proposed changes to primary legislation to address other issues in the ATOL Scheme and will be considering them further in the course of the year.

Importance of reform

The ATOL Scheme has protected holidaymakers from the insolvency of their travel providers since the 1970s. Amendments have been made to the scheme over the years to ensure that consumers who are entitled to this

protection receive it. The latest reform measures proposed by DfT should ensure that consumers continue to enjoy financial protection. The Committee has consistently championed the need for ATOL reform to keep pace with the changing ways in which consumers choose and book their holidays as the market evolves.

There have been major changes in consumer booking trends over the last 15 years due to the emergence of no frills airlines and the advent of the internet as a booking tool. Whilst the package holiday is still a popular option, consumers now expect greater flexibility and choice. The industry has responded by offering a wider range of products. Improved choice and increased competition in this market clearly benefit consumers, but this has also resulted in greater complexity and confusion for them. The Committee believes that consumers should be able to make an informed choice about financial protection; it is particularly concerned that the Government addresses the issue of changing practices in the travel industry which have resulted in consumers booking holidays that they perceive to be a single transaction, but are sold with either limited, or no financial protection. Widespread customer confusion over protection arrangements has been apparent following recent



travel company failures as described in this Report. This has served to highlight the need for reform, to bring transparency and help consumers make more informed choices about financial protection.

The DfT is proposing amendments to the ATOL Regulations which should extend protection for the consumer when they purchase a flight plus another element, such as accommodation or car hire from a travel agent or tour operator. This will bring more consumers within the protection of the ATOL Scheme, and help alleviate consumer confusion over financial protection.

Impact on industry

If enacted, the proposed amendments to the ATOL Regulations will mean that currently unlicensed travel firms upon obtaining their own ATOL will have the ability to put ATOL protected holidays together whilst remaining agent for the supplier of the individual services (Flight-Plus), or sell fully protected package holidays, either as a principal or on a retail basis on behalf of other ATOL holders.

Consumer benefits

The most obvious consumer benefit of the proposed reform of the ATOL Regulations is that a greater number of holidaymakers will benefit from ATOL protection. Reform should also provide greater clarity for the consumer. It also means that any consumer booking a complete holiday will do so, safe in the knowledge that they will be repatriated or refunded if their travel firm becomes insolvent.

The proposed changes will provide the CAA with the encouragement to manage repatriation and refund arrangements more efficiently. In particular, the process will be simplified and clarified by the issue of a standard 'ATOL Certificate' to consumers, providing clear evidence that they are ATOL protected and the extent of that protection.

ATOL Certificate

ATOL holders and their agents are currently required to provide specific documentation to consumers and the proposal is to replace the current complex mix of receipts and invoices with a single, standardised ATOL Certificate which specifically states what the consumer is entitled to, and which should be issued as soon as the booking is made. Clearer evidence of protection through the ATOL Certificate will mean consumers can make better informed decisions on their holiday arrangements; where this is absent the consumer will be able to ask for an ATOL-protected holiday or make alternative protection arrangements for themselves.



Timescale for implementation

The DfT Consultation on proposed changes to the ATOL Regulations was published on 23 June 2011 and responses will be accepted until 15 September 2011. The CAA has stated that it will review the amendments that may be required to its policies and procedures to ensure that changes subsequently agreed can be successfully implemented. The Government plan is that the changes to the ATOL Regulations will come in to force on 1 January 2012. The Committee emphatically supports the urgency of these proposals, although it believes that this is an ambitious timetable.

The Committee's support for ATOL reform

The Committee and the majority of the travel industry agree that these changes are long overdue and necessary to ensure clarity of the protection arrangements for holidaymakers. Nevertheless, the Committee does have some concerns about the proposals including:

- How to define a Flight-Plus sale and whether all holiday elements sold with a flight are sufficient to create a Flight-Plus arrangement.
 - Setting a clear definition of the maximum allowable time period between booking holiday elements so that they form a Flight-Plus arrangement.
- Whether 'Click through' sales, where a customer can link from one website to another in order to book additional holiday elements, are to be included and how to define a relationship between the businesses offering these services that is sufficient to require 'flight plus' sales to be ATOL protected.

It is also the Committee's view that the proposed changes do not go far enough, because they do not bring all airline holiday sales within the scope of the

ATOL Scheme. We accept that this is a matter for primary legislation and it is hoped that the initial step of ATOL reform will encourage Government to include all air holidays, including bookings made with scheduled airlines, within a system of financial protection. Nevertheless, the Committee is encouraged that the proposed reform will bring greater clarity to the consumer.

4. Role of ATIPAC

The majority of Committee members were re-appointed in 2010. The Committee is currently looking to recruit new members to fill some spaces currently vacant, with a view to retaining a good level of consumer representation on the Committee.

The Committee's Constitution sets out the membership of the Committee and it has a membership representing all sides of the travel industry, from tour operator and retailers to regulators and consumers. They are able to debate and advise on the financial protection issues facing the travel industry. The Committee is a unique forum that brings together trade, regulator and consumer representatives, to discuss their concerns and when necessary draw these issues to the attention of the DfT and the Secretary of State for Transport.

The balanced membership of ATIPAC is hugely beneficial when providing advice to the CAA and the DfT or responding to consultations, ensuring that a truly representative view is given. The Committee is often able to arrive at a consensus on specific issues and this enables it to put forward a strong viewpoint from a perspective that looks across all sectors of the industry and its customers.

5. XL Review of Claims Handling

The XL collapse in 2008 represented one of the largest failures of an ATOL holder since ATOL's inception in the early 1970s and it was certainly the most significant since the collapse of International Leisure Group in 1991. Following the failure, the feedback from industry and consumers was that the repatriation process worked well, but there were some critics of the refund arrangements, particularly regarding the time it took to carry out the repayment exercise.

In February 2010 the Board of the CAA decided to consult with industry and consumer interests on the CAA's handling of XL claims and, looking forward, how the claims process for large tour operator failures could be improved. The Board appointed Walter Merricks CBE, former Chief Financial Ombudsman at the Financial Ombudsman Service, to oversee the review.

The Committee made a submission to this review. Its view was that the repatriation operation was very effectively managed, but the claims handling exercise presented a complex set of challenges. In general, the experience for claimants was not satisfactory and fell below the standards expected from the CAA. The Committee believes that managing claimants expectations is of key importance to the claims process. In the case of complex failures it may also be necessary to provide more detailed advice to claimants to help with the claims process and ensure they understand which of their holiday elements are protected. It may be useful to identify exactly what documentation they should supply, providing an example where possible, so that in the event of a failure, claimants are able to supply the correct documentation in order to assist with prompt payment of claims. The Committee recognises the complexities involved in the failure of a flight only operator and if reform of the ATOL Regulations is taken forward the Committee is hopeful that it will

address many of these issues and ensure that ATOL customers are fully aware of their financial protection. The Committee also firmly believes that it should be possible to make the claims process at least partly electronic, in line with other industry processes.

The CAA was presented with a huge volume of claims with several distinct issues. These factors caused delays in the processing of claims. The Committee was aware that in order to meet the ATT claims handling procedures, these issues had to be resolved before claims could be paid, but the delays and frustration experienced by consumers was unacceptable. The Committee also believes the CAA lacked consumer focus and that it took the CAA too long to realise that claimants would be unable to provide the necessary ATOL documentation to support their claim.

Following the publication of the Independent Review of the CAA Claims Handling Procedures, which was published after the period covered by this report, the Committee is looking forward to advising and commenting on future changes to the customer refund arrangements as changes are proposed and introduced by the CAA, either on an individual basis or as part of the future ATOL reform work-stream.

6. Failures

In the year to 31 March 2011 there were 29 failures of ATOL licensed organisers, with the number of failed firms remaining the same as the previous year, as shown in table 1. The total cost to the ATT of failures in 2010-11 was £48.2 million, which includes the cost of repatriating 47,013 ATOL protected customers. The ATT also expects to refund 145,809 customers, where their ATOL holder failed before they were due to travel.

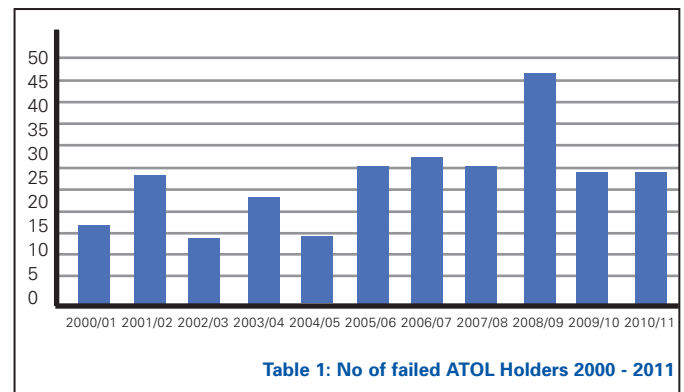
The most significant failure in 2010-11 was Goldtrail which failed in the early summer. Goldtrail placed itself into administration on 16 July 2010; it is unusual at the start of the season for an operator to have liquidity issues, as customer bookings and deposits are at their highest. There were 23,519 customers abroad at the time requiring repatriation and over 75,000 who had booked, but were yet to travel, and required refunds. The cost of this failure to the ATT is expected to be approximately £23.9 million.

The insolvency of Goldtrail had a major impact on the Flight Options business operation as they were contracted to share a number of whole-plane charters with Goldtrail during summer 2010. Flight Options subsequently went into administration in mid-August. There were 22,689 customers aboard at the time requiring repatriation, and a further 60,700 who were due to travel, requiring refunds. The cost of this failure to the ATT is expected to be approximately £19.4 million.

The failures of Goldtrail and Flight Options during the year represented the most significant draw on the Trust's resources, resulting in an increase in the deficit to £42.3m.

One of the consequences of the insolvencies in the summer of 2010 is that the Air Travel Trust decided to amend its payment policy with the objective of improving the industry's documentation, in order to

speed up the claims process for ATOL protected customers. On 29 March 2011, the Trustees announced that claims will only be settled if documentation issued by ATOL holders and their agents meets statutory requirements. These changes came into effect on 1 May 2011. The Committee supported the Trustees' decision because in its view this will improve the service to consumers.



7. Conclusion

It has been a difficult and challenging year for the travel industry; the impacts of natural, political and economic uncertainties have all served to confront the industry with significant problems. Tour operators and travel agents have all had to re-evaluate their business practices and adapt to the differing expectations of the consumer. Although the number of failures during the year matched the previous year, the number of consumers requiring repatriation stood at 47,013, an increase of 44,568 on the previous year, with a further 145,809 requiring a refund under the ATOL Scheme. This once again highlights the importance of the scheme and the protection it brings to the consumer.

The way in which consumers source and book their holidays continue to change, but they still expect protection when things go wrong, however they book. Many travellers seem to take it for granted that all travel sales are financially protected and the Committee considers that this belief will become nearer reality with the proposed reform of the ATOL Regulations and the inclusion of Flight-Plus bookings within the protected regime. ATOL reform should also result in greater clarity for the consumer, allowing them to book, confident that their holiday is financially secure.

The Committee has repeatedly advocated ATOL reform and it is encouraged that the Government now recognises the urgency of the reform proposals. However, the Committee is firmly of the view that this reform is only a first step to bringing all UK-originating airline bookings within the ATOL Scheme remit. It is understood that this wider protection regime is currently under discussion in Europe and we hope the Government will engage positively in these discussions to ensure even greater clarity for consumers.

The outlook for the travel industry over the next year remains one of uncertainty, with consumer

confidence at a low level. It is therefore vitally important that the industry should seek to achieve a position with Government help where it can bring greater confidence to consumers by giving a clear message on financial protection.



APPENDIX 1 Detail of ATOL Holder Failures April '10 to March '11

The administration of cases may not have been completed. Administration costs incurred in paying passengers' refunds are included in the cost of refunds.

The figures for total expenditure and any call on the Air Travel Trust include amounts already spent plus estimated further expenditure.

Where a call on the Air Travel Trust is indicated, this is the difference between expected total expenditure and available securities provided. Expenditure may not always agree with the repatriation and refund totals. This is because some credit card merchant acquirers have agreements with the ATT that the Trust will reimburse them for referred credit card claims up to an agreed limit.

The totals may not agree to the sum of the figures shown in the table due to rounding differences.

Details of Tour Operator Failures and Bonds Called: April 2010 – March 2011

Licence Holder	Date of Failure	Licensed Passengers	Security Provided £'000	Number of Passengers Repatriated	Cost of Repatriation £'000	Expected No. of Passengers to be Refunded	Estimated Refund Cost £'000	Estimated Total Expenditure £'000	Estimated Call on Air Travel Trust £'000
Adventura Ltd	14 Apr 2010	758	69	0	0	33	20	20	0
Finlay's Ski-ing Ltd	16 Apr 2010	2,080	0	94	24	0	1	25	25
Wigmore Holidays and Travel Ltd	07 May 2010	1,000	0	0	0	81	58	58	58
Interworld Holidays Ltd	27 May 2010	1,120	0	0	0	120	1	1	1
Bird S J (t/as Birdseekers)	28 May 2010	500	0	0	0	41	71	71	71
International Holidays Ltd	01 Jul 2010	500	0	0	0	135	55	55	55
Malachite Travel Ltd	01 Jul 2010	500	30	0	0	170	264	264	234
Goldtrail Travel Ltd	16 Jul 2010	180,333	0	23,519	5,768	75,416	18,091	23,859	23,859
Sun 4 U Ltd	12 Aug 2010	14,400	360	206	117	2,080	862	979	619
Diamond Tour and Travel Services Ltd	16 Aug 2010	500	40	0	0	44	31	31	0
Flight Options Ltd	17 Aug 2010	168,700	1,000	22,689	5,788	60,726	14,597	20,385	19,385
Blue Skies Destinations Ltd	18 Aug 2010	500	10	0	0	137	77	77	67
Dialnfly.com Ltd	02 Sep 2010	500	40	0	0	10	36	36	0
Holiday Direct Ltd	13 Sep 2010	3,800	0	16	9	1,158	578	587	587
Keyworth Travel Ltd	13 Sep 2010	500	30	0	0	0	0	0	0
The Holiday Company Ltd	21 Sep 2010	2,072	0	0	0	476	186	186	186
Sunisle.co.uk Ltd	13 Oct 2010	500	0	24	2	49	11	13	13
Agricultural Travel Bureau Ltd	22 Oct 2010	500	0	0	0	15	18	18	18
Caledonia Travel Ltd	28 Oct 2010	500	0	0	0	50	35	35	35
Air Travel Consultants Ltd	16 Nov 2010	500	10	0	0	850	204	204	194
Chawala N (t/as Flightlinker.com)	16 Nov 2010	1,670	0	0	0	40	31	31	31
Linkair Travels Ltd	23 Nov 2010	2,518	0	0	0	145	7	7	7
Davis World Travel Ltd	17 Dec 2010	500	0	0	0	0	0	0	0
Oriental Panorama Ltd	12 Jan 2011	500	0	20	19	125	183	202	202
Grus Travel Pty Ltd	14 Jan 2011	500	0	11	0	150	753	753	753
Rion Travel Ltd	27 Jan 2011	377	0	0	0	34	34	34	34
Global Travel Agency Ltd	01 Feb 2011	1,395	0	89	38	349	92	130	130
African Safari Club Ltd	16 Mar 2011	16,538	0	345	305	3,005	1,237	1,542	1,542
Complete World Travel Ltd	18 Mar 2011	500	0	0	0	370	136	136	136
Total			1,589	47,013	12,070	145,809	37,669	49,739	48,242

APPENDIX 2 - CONSTITUTION AND TERMS OF REFERENCE

Establishment and Role of the Committee

1. The Air Travel Insolvency Protection Advisory Committee ("the Committee") is established by the Secretary of State for Transport to advise on the financial protection arrangements for air travellers and customers of air travel organisers.

Composition of the Committee

2. Members of the Committee shall be drawn from:

Association of British Travel Agents	Two Members
Federation of Tour Operators	One Member
Association of Independent Tour Operators	One Member
Association of Airline Consolidators	One Member
Eventia	One Member
Travel Trust Association	One Member
Trading Standards	One Member
Internet Community	One Member
European Low Fares Airlines Association	One Member
BARUK	One Member
Independent representatives not associated with any organisation represented on the Committee	Three or four Members, one of whom is Chairman
Other representatives of consumer interests	One or two members
Civil Aviation Authority (CAA)	Two Members

Appointments to the Committee

3. Members shall be appointed by the Chairman of the CAA, for periods specified at the time of appointment; Membership periods should normally be periods of 4 years. Members may resign at any time. The CAA Chairman will consult the Chairman of the Committee before appointing Members other than from trade associations and the CAA.
4. Each represented body should nominate to the CAA two alternates, who may attend any meeting in the absence of that body's appointed Member(s).
5. If the Chairman of the CAA is satisfied that a member has been absent from meetings of the Committee for more than three consecutive meetings or is satisfied that a member is otherwise unable or unfit to discharge the functions of a member of the Committee he may declare the membership vacant.

Meetings of the Committee

6. The Committee shall determine its own procedures for and frequency of meetings, including any requirement for a quorum.

Duties of Committee

7. The Committee shall keep under review and from time to time advise the CAA, the Trustees of the Air Travel Trust and the Secretary of State for Transport on the arrangements for the financial protection of air travellers and customers of air travel organisers.
8. In particular it shall:
 - advise the CAA and the Secretary of State as appropriate on any changes to the structure of protection that it concludes are necessary or desirable;
 - advise the CAA and the Trustees on the use of their discretion when making payments from bonds and from the Trust;
 - advise on bonding arrangements and bond levels;
 - advise on agreements between the Trustees, the CAA and third parties such as credit card companies;
 - advise the Secretary of State on the need for a re-imposition of a levy on the holders of Air Travel Organisers' Licences in order to replenish the Trust Fund, and advise the CAA and the Secretary of State (as appropriate) on the implementation of such a levy.
9. The Committee shall submit to the Secretary of State an Annual Report on its activities in each year ended 31 March within four months of the end of that year. The Committee shall draw to the Secretary of State's attention at any time matters of concern on which, in its view, action is necessary.

Administrative Arrangements

10. Reasonable out of pocket expenses directly incurred by Members of the Committee in attending meetings shall be reimbursed by the CAA.
11. The CAA shall provide administrative support to the Committee.

The Department of the Environment, Transport and the Regions
April 2000
Amended by the Department for Transport
July 2006

Role & Membership of the Committee

1. The Air Travel Insolvency Protection Advisory Committee was established by the Secretary of State for Transport in 2000 to provide advice to the Civil Aviation Authority (CAA), the Trustees of the Air Travel Trust and the Secretary of State for Transport on the financial protection arrangements for air travellers and customers of air travel organisers. Its terms of reference are at Appendix 2 of this Report.
2. The Committee includes representatives from key trade associations, consumer representatives, independent members and members appointed by the CAA.
3. The Committee held four meetings during the year, all of which were held at the offices of the Civil Aviation Authority in London.



Members 1 April 2010 - 31 March 2011**John Cox OBE**

John Cox has been Chairman of ATIPAC since its formation in April 2000. He is also the industry representative to the Air Travel Trust and a past Chairman of the Air Transport Users Council.

Roger Mountford

Non-executive member of the CAA and also Chairman and a Trustee of the Air Travel Trust.

Richard Jackson

Representative of the CAA, Group Director of the Consumer Protection Group and CAA Board Member. He is also a Trustee of the Air Travel Trust.

Noel Josephides

Managing Director of Sunvil Holidays Ltd. He represents the Association of Independent Tour Operators (AITO), of which he is board member responsible for industry issues. He is also a board member of ABTA.

Andy Cooper

Director of Government and External Affairs at the Thomas Cook Group. He represents the Federation of Tour Operators (FTO).

John de Vial

Head of Financial Protection for ABTA, The Travel Association.

Roger Allard

Chairman of All Leisure Group PLC and the ABTA trade representative on the committee.

Lindsay Ingram

General Manager of Newmont Travel Limited. He represents the Association of ATOL Companies (AAC).

Gary Lewis

Managing Director of the Travel Trust Association (TTA).

Iain Lindsay

Senior Vice President and Deputy General Counsel of Sabre Holdings and lastminute.com. He represents the on-line travel industry.

Prof. David Grant

Visiting Professor of Travel Law at Leeds Metropolitan University and Editor of the Travel Law Quarterly. He is an independent member.

Simon Evans*

Chief Executive of Air Transport Users Council.

Bruce Treloar

Trading Standards Institute Lead Officer for the Holiday & Travel Industry. He represents consumer interests.

Roger Bray

Independent freelance journalist with a consumer focus. He is an independent member.

Uday Dholakia OBE

Senior Partner at Global Consulting UK Ltd. He is an independent member with an interest in better regulation and enterprise promotion.

*With effect from 9 March 2011, the Air Transport Users Council (AUC) ceased to exist. Subsequently Simon Evans resigned from the Committee.