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**STATEMENT FROM THE ASSOCIATION**

**OF INDEPENDENT TOUR OPERATORS ON**

**THE COLLAPSE OF MONARCH AIRLINES**

**Current legislation is out of date and does not protect**

**the millions who nowadays book scheduled flights**

AITO ([www.aito.com](http://www.aito.com)), an alliance of specialist holiday companies established close to 42 years ago, in the wake of the Clarkson collapse, knows more than a little about the problems that the travel industry has encountered over the past four decades, from endless airline collapses to the recent Caribbean hurricanes and, of course, the infamous ash cloud.

Probably 65 out of its 120 specialist operators will have been affected by the Monarch situation to a greater or lesser degree – **but it’s important to remember that all AITO clients affected will be fully looked after by AITO members, at no extra cost to their customers.** Many AITO clients currently abroad have already received revised flight details - either from their AITO tour operator or their AITO Specialist Travel Agent - and are happily continuing to enjoy their holiday, with no unnecessary concerns at all.

All travel companies with a European programme – ie not only AITO members, but also many ABTA members and, indeed, many other companies which operate outside the trade associations – will have been hit in some way by the collapse of Monarch, whether they bought a few ad hoc seats from the airline or relied on it for regular flights to European destinations.

**While it’s very impressive that the Government has mounted such an extensive operation to repatriate all 110,000 of Monarch’s customers who were overseas when the airline went down, it is also an extremely expensive way to work.** There is a comprehensive licensing system, the Civil Aviation Authority’s (CAA’s) ATOL scheme (Air Travel Organisers’ Licence), that’s been in place since 1974 and into which tour operators and travel agents are required to pay if they organise flight-inclusive packages. ***Out of the 110,000 passengers currently abroad courtesy of Monarch, just 20,000 were covered by the ATOL system.*** **That means that 90,000 people booked their flights outside any protection scheme, clearly demonstrating how out of touch legislation is with the current-day travel industry*.*** *(Note for Editors: Monarch’s ATOL covered only the package holidays it sold, not the huge number of scheduled airline seats it handled.)*

“What is required”, says Derek Moore, AITO’s Chairman, “is significantly better planning – and a better understanding of the travel industry, too. **Did the Government liaise with any of the trade bodies which could have advised it on this matter? Or did it simply dive in and sign a cheque for £65M, which the tax payer, the travel industry and the credit card suppliers will be expected to foot?** The travel industry faces challenges day in, day out – from ATC strikes to ferry strikes, from hurricanes to situations such as the ash cloud, plus geopolitical challenges and terrorism; it is well versed in coping with adversity, and often its clients are unaware that there was ever a problem. Our advice is practical and pragmatic, and we are disappointed that Government seemingly chose not to involve us in finding a better solution to the Monarch problem.”

**The basic precept not grasped by those in Government is that *airlines will fail*;** it’s a risky business in many ways. Says Moore: “Government harbours the false belief, supported by strong airline lobbying, that airlines won’t go bust – despite the evidence in plain view. Just think about XL, Swissair, Air Berlin, Alitalia… there is a long history of failed airlines, in Europe and the wider world, and **airlines are much more likely to fail than tour operators.** Yet **Government has done nothing to protect passengers booking scheduled airline seats, as with Monarch,** while tying tour operators up in unnecessary red tape (the ATOL system) that they have now apparently chosen to override and ignore. It’s a very uneven playing field – airlines and tour operators are treated in a totally different manner – and **we in the industry are rightly annoyed that the Government has ridden roughshod over us to repatriate people whom it failed to protect via scheduled airline legislation, as was suggested 12 years ago.”**

**The CAA presented a plan to Government that would have solved this inherent and serious problem with airline collapses back in September 2005.** “The CAA proposed a £1 levy - the price of a bag of crisps - on all passengers flying out of the UK”, says Moore. “It was turned down – lost by just a couple of votes in the House of Lords. Had it been implemented, the £65M cost of repatriating Monarch passengers would have been covered easily, without any impact on the tax payer, travel industry or credit card companies.

**“We urge the Government to act now to implement the simple £1 levy solution on all outbound flights. This situation should have been foreseen, and will happen again. The Government must think hard and long about its current stance of ignoring financial security requirements for airlines.**

**“**It should immediately extend ATOL to cover scheduled seats following this debacle, because **the ATOL system simply doesn’t now cover enough of the travelling public; speed is of the essence to redress the years that it has wasted since 2005, falsely believing that airlines aren’t going to go out of business.** All outbound flight sales should immediately include £1 per seat, whether scheduled or chartered, to deliver full financial protection and repatriation for all. It’s a common sense measure; let’s hope common sense prevails.

**“**What brought Monarch down was a combination of two things. Firstly, selling its airline seats far too cheaply, due to excess capacity in the market. There are simply too many planes flying, due to the proliferation of the so-called “no-frills” carriers. And, secondly, the fact that destinations such as Egypt, Turkey and Tunisia, until recently visited by millions of holidaymakers annually, have become out of bounds due to security concerns, forcing airlines to move their planes on to European routes. Both contributed significantly to the collapse of this 50-year-old airline.

**“The same pressures are weighing on other airlines too.** While the Government dithers, 12 years later, about a simple and robust plan of action, we urge holidaymakers to book trips that offer them not only full financial protection but also all the bells and whistles, such as acceptance of full responsibility for the actions of their suppliers. **All AITO’s specialist holiday companies currently offer these important extras, included in the price.**”

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**Press:** For further information on AITO and its 120-plus specialist holiday companies, please visit [www.aito.com](http://www.aito.com).

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