

**Annual Report of the Travel Agency Commissioners**  
**Submitted by the Travel Agency Commissioners**

**I. Introduction**

The three incumbent Commissioners are now in their third and last year under the current contract which expires 31 December 2011.

They are:

- Mrs. Verónica Pacheco-Sanfuentes                      TAC – 1
- Mrs. Helene Cedertorn                                      TAC – 2 (resigned)
- Mr. Jo Foged    TAC - 3

As approved by the Conference, TACs this year had their annual meeting in Beijing, China, from June 21<sup>st</sup> to June 22<sup>nd</sup>.

In light of the changes in Resolution 820e, effective June 2011, TACs have updated their respective Rules of Practice and Procedure and posted them on their web site.

The following pages detail the cases that have been dealt with since the last Annual Report.

**II. Work Handled**

Sections “A” through “C” to this report briefly describes the cases dealt with by the individual Commissioners, whether the matter proceeded to a Review and Decision, or whether they were handled without reaching that point.

Formal hearings were held as described in the following charts but cost containment was achieved where sufficient written evidence was available and where both parties agreed that a Decision could be rendered without the need for oral hearings or where sufficient written evidence was available and conference calls were sufficient for the parties to reach an agreement or for the Commissioner to render a decision without holding an oral hearing (pursuant Rule # 8 of the Rules of Practice and Procedure).

The Commissioners have kept their website [www.travel-agency-commissioner.aero](http://www.travel-agency-commissioner.aero) updated and included new sections to simplify and clarify what is needed when requesting a TAC Review. It is now totally accessible in both languages, English and Spanish.

As per TAC2's resignation, IATA, WTAAA and ECTAA have designated TAC1 to act as Deputy TAC2, until a new incumbent is appointed.

The entire and complete version of this Report can be found in the secured area of our web site.

**Sections A-C : Individual TAC's cases**

Section A:

**TRAVEL AGENCY COMMISSIONER AREA 1  
REVIEW DECISIONS - 2011**

<u>Time &amp; Place</u>	<u>Summary</u>	<u>Decision</u>
<p><b>27 July 2011</b> <b>Santiago, Chile</b></p> <p>(Review conducted based upon documentary evidence only)</p> <p>A1-2011-#1</p>	<p>Agent sought TAC review of IATA's decision, which has found unsatisfactory its financial statements. The Agent's accountant had committed a mistake that caused the distortion in the Report.</p>	<p>After having a conference call with the Agency Administrator and IATA's country manager, following the spirit of Rule # 8 of the Rules of Practice and Procedure, considering that (i) it was a minor mistake, not a substantial one; and, (ii) that it was the first time that it was committed:</p> <ul style="list-style-type: none"> <li>- IATA agreed to allow the Agent to present amended Financial Statements and, therefore, to evaluate them before demanding the originally requested bank guarantee;</li> <li>- Agent was requested to pay the administrative fee for the re-evaluation.</li> </ul> <p><i>Outcome:</i> the new Financial Statements presented by Agent were found Satisfactory by IATA. No bank guarantee was requested.</p>
<p><b>1 August 2011</b> <b>Santiago, Chile</b></p>	<p>Agent sought TAC review of IATA's decision, which has found unsatisfactory its financial statements. The</p>	<p>After having a conference call with the Agency Administrator and IATA's country manager, following the spirit of Rule # 8 of the Rules of</p>

<p>(Review conducted based upon documentary evidence only)</p> <p>A1-2011- #2</p>	<p>Agent's accountant had committed a mistake, causing the distortion in the Report.</p>	<p>Practice and Procedure, considering that (i) it was a minor mistake, not a substantial one; and, (ii) that it was the first time that it was committed:</p> <ul style="list-style-type: none"> <li>- IATA agreed to allow the Agent to present amended Financial Statements and, therefore, to evaluate them before demanding the originally requested bank guarantee;</li> <li>- Agent was requested to pay the administrative fee for the re-evaluation.</li> </ul> <p><i>Outcome:</i> the new Financial Statements presented by Agent were found Satisfactory by IATA. Therefore, no bank guarantee was requested.</p>
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**TRAVEL AGENCY COMMISSIONER AREA 1  
ONGOING MATTERS 2011**

<u>Time &amp; Place</u>	<u>Summary</u>	<u>Outcome</u>
<p>August 2011</p>	<p>Agent sought TAC review of the sudden action taken by BSP Airline of withdrawing Agent's ticketing capacity, without prior notice or written notification of any kind.</p>	<p>On-going procedure</p>
<p>August 2011</p>	<p>Agent sought TAC review of IATA's decision, which has found unsatisfactory its financial statements. Agent claimed that IATA hadn't followed correct procedure while evaluating the statements.</p>	<p>In light of the complexity of the financial subjects at stake, TAC considered appropriate to get the expert advice of an independent local accountant. Conference calls were sustained with both parties.</p> <p>On-going procedure</p>

**TRAVEL AGENCY COMMISSIONER AREA 1**  
**MATTERS THAT DID NOT GIVE RISE TO A REVIEW – 2011**

<u>Time &amp; Place</u>	<u>Summary</u>	<u>Outcome</u>
August 2011 Lagos, Nigeria  Acting as Deputy TAC2	Agent sought TAC review of (i) the sudden action taken by IATA, withdrawing Agent's ticketing capacity, without prior notice or written notification of any kind; and, (ii) claiming damages caused by IATA's erroneous proceeding.	Prior to TAC's intervention, IATA amended its mistake and reinstated the Agent, therefore (i) there was no more matter for a TAC review; and (ii) considering that damage claims are out of TAC's jurisdiction, the case had to be dismissed.

**SUNDRY TAC1**

- A. Agent approached TAC, in January 2011, in regards to a dispute between a BSP Airline and GDS company. No review was granted since the matter was out of TAC's scope.
- B. Over this year, TAC1 acted as Deputy TAC for Areas 2 and 3, periodically.
- C. TAC1 translated various documents in a case in Area 2 (from French to English and vice-versa); and, translated emails and had conference calls with French speaking Agent in Area 2.
- D. At the time of submission a case in Area2 is at hand.

Section B

**TRAVEL AGENCY COMMISSIONER AREA 2  
REVIEW DECISIONS - 2011**

<u>Time &amp; Place</u>	<u>Summary</u>	<u>Decision</u>
<b>2010-09-20, Norway A2-2010-08</b>  (Review conducted on the written evidence alone.)	IATA sent a Notice of Default (Accumulation of Irregularities) and requested review of Agent under the provisions of Res 818g Attachment A, section 1.7.7.1 (vii), Accounting Irregularity Safeguards. IATA had at two occasions received statements from the bank that late payments were due to technical fault by the bank. The statements had shown to be falsifications. The falsifications were all linked to one employee who has admitted his offence to the bank. The employee was immediately dismissed and the payment procedure was secured by the MD of the Agent.	The TAC found that the action by IATA to put the Agent in default was correct. However the Agent had been subject to a crime by one of its employees. Immediately when this became known to the Agent the employee was dismissed and the payment procedure was secured. Therefore the Agent could be re-instated on the condition that it fulfilled the general requirements following a default decision.
<b>2010-11-18, Poland A2-2010-09</b>  (The Request for TAC Review was eventually dismissed.)	The Agent requested Review by the TAC claiming that it had tried to explain its unique balance sheet to IATA with no success. The indebtedness ratio amounted to 2.71, only slightly above the required level of 2.5 and the current liquidity was 0.53, whilst permitted level was 1.0. The Applicant claimed that the formula used by IATA Poland was wrong.	Both parties agreed to that the Debt Ratio (long-term and short-term liabilities over owner's equity) was above the required ratio as laid down in the local financial criteria for Poland. Already based on this IATA may decline an application to become an Accredited Agent (or optionally require a guarantee in order for the Agent to be approved). – This alone constituted a situation where there was no potential possibility for success for the Applicant in a TAC Review.  In light of the need to ensure the resources of the TAC Office are handled with care, and the duty of the TAC to initially decide whether a credible case for review has been made, the request for review was dismissed in accordance with Resolution 820e, Section 1.2.3.

<p><b>2010-12-03, Germany A2-2010-10</b></p> <p>(Review conducted on the written evidence alone.)</p>	<p>IATA declared two agencies, in the same chain of agencies, suspended and under financial review under the provisions of Res 818g Attachment A, section 1, 1.8 and following , Prejudiced Collection of Funds, with effect the 29<sup>th</sup> of Oct, as IATA found the Agents' ability to pay monies to the airlines to be in doubt. (The TAC gave an interlocutory relief order by order the 4<sup>th</sup> of Nov 2010 with certain conditions under which the agencies were stopped from increasing their sales above a certain level.) IATA had concerns that because one agency in the same chain as the two under review was declared in default, the chain would shift sales to the other agencies, and the guarantees in place would consequently no longer cover monies at risk.</p>	<p>The TAC found that it was not enough to claim in general that cash sales may be shifted from one defaulted agency to another within the same group, to initiate proceedings towards an agency under the rules in question. There needs to be some sort of additional substantiated information concerning the particular agency, leading to the belief that BSP Airlines' ability to collect monies may be prejudiced. In the review it was found that there was such documentation in the form of credit rating reports that showed unsatisfactory results for the two agencies. The decision by IATA was therefore deemed correct. IATA had however agreed to that if the defaulted agency provided its guarantee, the two agencies under review could be re-instated. Based on this the TAC decided that the actions by IATA should stand, but that the Agent could be re-instated if a guarantee was provided by the defaulted agency.</p>
<p><b>2011-05-17, United Kingdom A2-2011-01</b></p> <p>(Review hearing was held the 5<sup>th</sup> of May 2011 in the UK.)</p>	<p>IATA requested TAC Review of the Agent under IATA Resolution 818g Attachment A section 1.8., Prejudiced Collection of Funds, and based the request on allegations that the Agent had provided wrong shareholder information in its application to become an IATA Accredited Agent, and allegations of ticketing malpractices. A review hearing was held, and there were also airline representation at the hearing. IATA provided detailed information on specific ticketing practices.</p>	<p>The review showed that the information regarding the shareholder in the application form to become an IATA Accredited Agent was likely reflective of the true ownership. The ownership of the shares was however not accurately registered at the Companies House. There were however no indications that the Agency had any reason or intention to mislead IATA. – The TAC found that the failure to register correctly in itself was not grounds enough for immediate removal of the Agent from the Agency List.</p> <p>IATA claimed that there were 236 inaccurate bookings, but only seven bookings were specified to the Agent during the Review. There was no dispute as to the fact that the specified tickets were booked by the Agent and thereafter manipulated, likely with the help of</p>

		<p>a person working for the Indian subcontractor/customer service of the Agent, with the effect that the tickets sold have not been reported and settled appropriately, to the detriment of the airlines. One of the irregular bookings included a ticket for the owner of the Agency himself, and he was not able to clearly explain why he had not paid for the ticket. - Police investigations were ongoing and final outcome was yet not known at the time of the review. The Airline agreed to that certain responsibility fell on them, as the likely scenario included that someone working for the airline also participated in the inaccurate bookings.</p> <p>The Agent is responsible and liable for actions by its subcontractors under Res 824 section 15.3 and 15.4, Indemnities and Waivers. It was established that the Agent/its subcontractor had attempted to circumvent reporting and settlement requirements. By this it was established that the rules on Account Irregularity Safeguards applied in the case (see Res 818g Attachment A Section 1.7.7.2 as described above), and that the BSP Airlines' ability to collect for tickets sold was seriously prejudiced by these actions by the Agent/its subcontractor. The TAC also found that the rules under the same Attachment section 1.8.1. applied in the situation as there was enough written information which could be substantiated, leading to belief that BSP Airlines' ability to collect monies for tickets may be prejudiced.</p> <p>There were altogether solid grounds in the matter for the action by IATA to suspend the Agent, and the decision to suspend the Agent should therefore stand.</p>
<p><b>2011-05-31, Mauritania</b></p>	<p>Eight Mauritanian Agents requested review of IATA's</p>	<p>The TAC ruled in favour of the Agents declaring the decisions by</p>

<p><b>A2-2011-02--09</b></p> <p>(Review conducted on the written evidence alone.)</p>	<p>decision to declare the Agents in default and suspend the automatic ticketing of the Agents. In short, the matter concerns a situation when IATA has requested payment directly to the airline, and not via BSP, of transactions related to the time before the date the airline was suspended from BSP, and to a reporting period that had already ended.</p>	<p>IATA null and void. IATA has filed for arbitration against the decisions, and therefore it would not be appropriate to comment further on the decisions. The decisions are available in full on the <a href="http://www.travel-agency-commissioner.aero">www.travel-agency-commissioner.aero</a> website on the PAPGJC pages for PAPGJC members.</p>
<p><b>2011-08-08, United Kingdom A2-2011-10</b></p> <p>(Review conducted on the written evidence alone.)</p>	<p>IATA suspended the IATA license of the Agent initially under Resolution 818g Attachment A Section 1.8, Prejudiced Collection of Funds, and requested review by the Travel Agency Commissioner under these rules. The decision to suspend the Agent was based on information provided initially from three airlines, in addition to information obtained via BSP, indicating that the Agent used refunds to limit net to be paid via BSP. IATA provided further examples of the claimed practices during the review proceedings.</p>	<p>The TAC found that IATA had provided documentary evidence of practices indicating that IATA had good cause to suspend the Agent and initiate a TAC Review, based on the regulations as laid out in Res 818g Attachment A Section 1.8. and later the rules under 1.7.8 the same Attachment.</p> <p>The conditions for re-instatement as described by IATA was found sensible and proportionate in the circumstances.</p> <p>The decision by IATA to suspend the Agent should therefore stand. It was for IATA to assess if the Agent may be re-instated under the stipulated conditions, or if it should be permanently removed from the Agency List.</p>
<p><b>2011-08-19, Cameroon A2-2011-11</b></p> <p>(Review conducted on the written evidence alone.)</p>	<p>In short the matter concerns a situation when IATA has requested payment directly to the airline, and not via BSP, of transactions related to the time before the date the airline was suspended from BSP, and to a reporting period that had already ended.</p> <p>The Agent requested that a submitted payment should be re-paid.</p>	<p>The TAC ruled in favour of the Agent. The matter is similar to the Mauritanian matters No 2011-02--09 above, though the circumstances differ.</p>



**TRAVEL AGENCY COMMISSIONER AREA 2**  
**MATTERS THAT DID NOT GIVE RISE TO A REVIEW – 2011**

Period 7 Sept 2010 until 25 August 2011 (Phone calls and simple e-mails are not part of this list.) unless both parties agree to appoint TAC for a resolution

7 Sept 2010 – An Agent requested urgent intervention because it was notified of an irregularity the same day as the remittance date, and because a previous notice this would mean technical default. After a quick consultation the matter was sorted out immediately by the IATA Country Manager the same day and the notice was withdrawn and no technical default was declared.

9 Sep 2010 – An Agent requested review of an ADM claiming that the airline had contravened Res 852. The TAC informed the Agent that ADM disputes are out of scope for the TAC, unless both parties agree to appoint TAC for a resolution. The TAC further explained how to avoid a disputed ADMs being automatically processed via BSP.

5 Oct 2010 – IATA removed the ticketing authority from an Agent as it seems without proper notification and without proper grounds. The Agent was re-instated after e-mail correspondence with copy to the TAC. The Agent never formally requested a TAC Review.

6 Oct 2010 – A Travel Association asked for some clarifying information on the TAC mandate and ADM disputes. The TAC provided the information.

13 Oct 2010 – An Agent and an Airline had agreed to appoint the TAC as referee in a dispute. However before the review had started the Agent withdrew his consent, and based on this the TAC did not agree to take the matter on as referee. At request the airline was provided information on the possibilities for an airline to initiate review by the TAC via IATA. Thereafter the matter was closed.

22 Oct 2010 - An Agent requested review of an ADM claiming that the ticket was issued according to the published fare. The TAC informed the Agent that ADM disputes are out of scope for the TAC, unless both parties agree to appoint TAC for a resolution. The TAC referred the Agent to the TAC Website for further information.

13 Nov 2010 – Questions from a Travel Association was responded to in two letters dated the 11<sup>th</sup> of Oct and 13<sup>th</sup> of Nov 2011.

2 Dec 2010 – An Agent asked for assistance in a rather complicated ADM matter that included allegations of fraud. The TAC informed that ADM disputes are normally out of scope for the TAC, unless both parties agree to appoint TAC for a resolution; and, finally, TAC recommended the Agent to contact again the airline, as new information was available.

6 Dec 2010 – An Agent requested assistance in a situation where tickets of a cancelled flight were not refunded because no one of the two airlines involved did take responsibility for the cancelled flight. The TAC informed that these kinds of disputes are out of scope for the TAC, unless both parties agree to appoint TAC for a resolution; and, finally, TAC recommended the Agent to contact again the airlines and be persistent.

30 Dec 2010 – Agent asked for some guidance on the use of ADMs. The TAC provided

information on resolutions governing the use of ADMs.

7 Jan 2011 – An Agent requested assistance regarding an ADM/termination arising from a refund whereby the Agent had refunded the full amount, but according to the airline should not refund tax. The airline representative claimed that the Agent had been informed via e-mail that the tax was not refundable. Another airline representative was copied into the correspondence and she investigated the matter and came back with information that the Agent was switched back again and the matter corrected. There were some doubts on whether the refund policy had been properly distributed.

9 Feb 2011 – An Agent had concerns on the method for payment required by IATA. The Agent was advised by the TAC to comply with the method for payment. IATA had made no procedural error and the change was correctly communicated.

17 Feb 2011 – An Agency Association had questions on an ADM with factual errors. The association was informed that ADM disputes are out of scope for TAC Review, unless both parties agree to appoint TAC for a resolution; and, that the dispute would have to be settled under local law.

3 Mar 2011 - An Agent requested review of an ADM. The TAC informed the Agent that ADM disputes are out of scope for the TAC, unless both parties agree to appoint TAC for a resolution. The TAC referred the Agent to the TAC Website for further information.

7 Mar 2011 – An Agent requested assistance in a dispute with an airline relating to cancellation of a ticket that according to the Agent was booked properly according to the information of the GDS. The airline did not refund the amount but the Agent had to refund the customer. The TAC informed the Agent that these kinds of disputes are out of scope for the TAC, unless both parties agree to appoint TAC for a resolution; and, finally, that it must be settled according to local law.

23 Mar 2011 – An Agent requested assistance as he had been terminated because allegations of an unpaid Annual Fee, despite that he had paid the last Annual Fee correctly. He had problems to get in contact with the relevant IATA Office and got conflicting information. The country manager looked into the matter and the Agent was re-instated.

26 April 2011 - An Agent requested review of an ADM. The TAC informed the Agent that ADM disputes are out of scope for the TAC, unless both parties agree to appoint TAC for a resolution. The TAC provided information on that the airline and the agent may agree to appoint the TAC as referee and referred the Agent to the TAC Website for further information.

29 April 2011 – An Agent requested assistance as they were suspended due to two incidents, and the last was according to the Agent due to that the bank did not transfer money in time. The Agent was after some communication able to provide a statement from the bank. The IATA Country Manager looked into the matter and agreed to that it was - based on the new documentation – to be considered a bona fide bank error. The Agent was re-instated.

23 May 2011- An airline asked for assistance in a matter concerning a former GSA (General Sales Agent). The TAC informed of the limitations of the TAC Office and that this kind of matter was out of scope. The airline was informed of potential grounds for

requesting review of an Agent via IATA under the IATA Agency Programme.

27 May 2011 – An Agent had general questions on ADMs. – The TAC provided information on that ADMs are out of scope for the TAC, unless both parties agree to appoint TAC for a resolution; and, gave some additional information on governing law under the contract between the Agent and the Airline.

27 May 2011 – An Agent requested assistance in an ADM matter claiming that the ADM was incorrect. The TAC informed the Agent that ADM disputes are out of scope for the TAC, unless both parties agree to appoint TAC for a resolution. The TAC provided general information regarding Res 820 e and the mandate of the TAC.

3 July 2011 – An Agent requested TAC Review as he did not think it was correct that he should provide a guarantee as requested by IATA. The guarantee was requested from a specific date if the Agent did not provide audited statements that passed the local criteria. During the correspondence IATA made a commitment to do an “express review” if the Agent provided the statements. The Agent was recommended by the TAC to comply, and the request for TAC Review was dismissed on the basis that there were no indications that IATA had not applied the correct rules.

28 July 2011 – An Agent requested TAC Review of an airline’s decision to terminate the appointment as ticketing agent for the airline. After some communication the Agent later withdrew its request for review.

1 Aug 2011 – An Agent requested assistance because it was (allegedly incorrect) defaulted, but when it now had complied with all requirements for a defaulted Agent it was still no re-instated. The matter was sent to the relevant IATA Country Manager and the same day the Agent was re-instated.

1 Aug 2011 – Two persons had previously had positions in defaulted agencies and their application for IATA approval of a travel agency was therefore disapproved under Res 818g section 2.1.8. and 2.1.9. (Trading History). The two persons were not able to demonstrate that there were any indications of that IATA had made any error or wrong assessments in the matter. The requests for review were therefore dismissed.

4 Aug 2011 - An Agent requested assistance in an ADM matter concerning a situation where an airline had issued an ADM under Res 890 relating to credit fraud and initially IATA deducted the amount from BSP but later changed their mind as they could not acknowledge ADM disputes when non-compliance of Res 890 was claimed by the airline. The TAC provided information that the last decision by IATA likely was the correct under the resolutions, and that the ADM dispute itself was not within the mandate of the TAC, unless both parties agree to appoint TAC for a resolution. The Agent requested no further action.

Section C

**TRAVEL AGENCY COMMISSIONER AREA 3  
REVIEW DECISIONS - 2011**

<u>Time &amp; Place</u>	<u>Summary</u>	<u>Decision</u>
<p><b>25 March 2011 Kuala Lumpur, Malaysia</b></p> <p>(Review conducted on the documentary evidence alone)</p> <p>2011-03-25</p>	<p>The agent was placed under default as a result of accumulating 4 Instances of Irregularity (IOI) within a twelve month period. The Agent appealed against this action to the local IATA office using a letter from its bank which recorded technical problems delaying payment. IATA checked the letter with the bank and discovered that it was a forgery. This lead IATA to re-examine an earlier default where the Agent's bank had also taken responsibility for the late payment and sought withdrawal of 2 IOIs. This letter was also found to be forged. The local IATA office put this case to their Regional office who in turn sought a Review under section 1.8 of Resolution 832. When the forged documents issue was put to the Agent an investigation revealed that its Account Manager admitted responsibility and was dismissed the following day. Based on this action the Agent sought re-instatement.</p>	<p>The Agent defaulted 3 times within a 12 month period. On two of those occasions the Agent sought to escape sanctions by presenting forged letters purporting to record bank error.</p> <p>It is difficult to accept that the 2 instances of fraud were known only to one staff member. Furthermore the Agent's management was tardy in investigating the fraudulent activity and did not act until requested to do so by the writer. The Agent's accreditation was terminated immediately.</p>
<p><b>19 April 2011 Sydney, Australia</b></p>	<p>The Agent, involving 3 locations, submitted its parent company's consolidated accounts for year ending 30 June 2010 as the documentation for the annual IATA financial review. The IATA assessor</p>	<p>The parent company of the Agent was a long established mutual ownership entity with a profitable trading history and substantial asset base. However in a situation where various interpretations of a</p>

<p>(Review conducted on the documentary evidence alone)</p> <p>2011-04-19</p>	<p>determined that there was a deficiency in capital requiring an injection of AUD176.320m or the establishment of a bank guarantee or insurance bond to the value of AUD 2.028m.</p> <p>Having passed previous financial reviews, using the Agency company accounts, the Agent explained that the deficiencies identified by IATA were attributable to accounting disclosure requirements of the parent company and sought re-evaluation of the accounts. This was undertaken and the same outcome was reached and the Agent then sought a TAC Review.</p>	<p>set of accounts are possible the Local Criteria for the Approval and Retention of Agents - Australia contains a clause whereby IATA has absolute discretion as the most appropriate classification for all items including in Financial Statements. The financial statements submitted by the Agent were examined twice by the IATA Assessor and the explanation of the Agent considered, however the same conclusion was reached with respect to the additional financial security required.</p> <p>The Australia Local Criteria clause described above led the writer to uphold the IATA requirement but in light of the time taken to conduct the Review the deadline for compliance was deferred for a specified period.</p>
<p><b>9 June 2011 Lahore, Pakistan</b></p> <p>(Review conducted on the documentary evidence alone)</p> <p>2011-06-09</p>	<p>The Agent's cheque for a BSP settlement was declined due to a lack of funds in the account. The Agent was given until 1900 hours the following day to deposit the outstanding amount with BSP's bank. This did not occur and the Agent was sanctioned with 2 Instances of Irregularity. A further deadline of 1030 hours two days hence, the following day being a holiday, was sent but again payment was not made. The following day the Agent was declared in Default and ticketing authority was withdrawn. A Termination date was set but if prior to that date full settlement was made or at least 50 percent of</p>	<p>The situation faced by the Agent was not unique and either an overdraft arrangement with its bank or the entering into the repayment agreement with IATA would have staved off termination. It is difficult to accept that the Agent's management was not aware of the funding shortfall in light of the serious threat to the agency's survival that lack of any action would bring about.</p> <p>It is a matter of concern that IATA uses mail as its communication mode with Agents in these formal advice situations. The delay thus caused creates confusion and anxiety and this issue requires</p>

	<p>it paid with an undertaking to settle the remainder plus charges in 6 monthly instalments, then Termination action would not occur.</p> <p>By the deadline date the Agent had made no effort to comply with any of the options and was Terminated.</p> <p>The Agent advised that the situation was caused by non-paying credit clients. The Agent's management was not made aware of the non-settlement by its staff in a timely manner and the letter from IATA took 6 days to arrive. The Agent was keen to pay the outstanding amount provided that an extended time period was allowed.</p>	<p>examination. An email sent to the Agent on the letter mailing date would remove this problem.</p> <p>Despite a number of opportunities to avoid Termination the Agent failed to react and hence the IATA decision to withdraw Accreditation was upheld.</p>
<p><b>1 July 2011 Queensland, Australia</b></p> <p>(Review conducted on the documentary evidence alone)</p> <p>2011-07-01</p>	<p>The Agent, involving 10 locations, submitted its accounts for year ending 31 December 2010 to IATA for its annual financial review.</p> <p>The IATA Assessor determined that there was a deficiency in capital requiring an injection of AUD76.524m or alternatively the establishment of a bank guarantee or insurance bond to the value of AUD934,000. The Applicant which had passed previous reviews without the requirement for any financial securities explained that the deficiencies identified by IATA was attributable to the split between the current and non-current classifications of the Group's investments and</p>	<p>The entity which owned and operated the 10 Agent locations was a long-established, profitable organisation with a sound asset base.</p> <p>However in a situation where various interpretations of a set of accounts are possible the Local Criteria for the Approval and Retention of Agents - Australia contains a clause whereby IATA has absolute discretion as the most appropriate classification for all items including in Financial Statements. The financial statements submitted by the Agent were examined twice by the IATA Assessor and the explanation of the Agent considered, however</p>

	<p>requested that the requirement for additional security be withdrawn. IATA re-examined the accounts submitted and arrived at the same decision for the security required to be put in place.</p> <p>Based on this response the Agent sought a TAC Review.</p>	<p>the same conclusion was reached with respect to the additional financial security required.</p> <p>The Australia Local Criteria clause described above led the writer to uphold the IATA requirement but in light of the time taken to conduct the Review the deadline for compliance was deferred for a specified period.</p>
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**TRAVEL AGENCY COMMISSIONER AREA 3  
MATTERS THAT DID NOT GIVE RISE TO A REVIEW – 2011**

Time & Place      Incident      Outcome

<p><b>November 2010</b></p> <p><b>Adelaide, Australia</b></p>	<p>The Agent was issued with 4 Instances of Irregularity within a twelve month period due to late submission of annual financial review documents on two occasions. IATA suspended ticketing authority, a fact not known formally to the Agent until receipt of the mailed default letter some days after the event had taken place. The first indication being the Agent’s inability to auto-issue tickets.</p> <p>The Agent argued that the 2 instances fell arbitrarily into a within twelve month period as IATA used the timeline of its 2010 reminder letter as the twelve month cut-off date. It was felt that removal of ticketing ability was a very onerous penalty for a 5 day difference in the timing of IATA</p>	<p>The Agent did not seek or pay for an extension of submission deadline and hence the request for Review was dismissed and the Interlocutory Relief denied. The Agent paid the re-instatement fee and after due process was re-accredited.</p> <p>This case highlights the need for an Agent to be advised of action taken against it by IATA at the same time as Members and Airlines.</p>
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	correspondence. Interlocutory relief was sought as part of the request for Review.	
<b>November 2010</b> <b>Sydney, Australia</b>	An Agent sought assistance in securing a refund for a client whose application for the refund of an unused refundable sector had remained unacknowledged for 10 weeks. Clearly non-compliance by the Airline with Paragraph 1.1.1 of Resolution 824 was involved.	Contact was made with the Airline's country manager and PAConf delegate and a refund eventuated.
<b>January 2010</b> <b>Karachi, Pakistan</b>	The Agent received a substantial refund credit due to an auto refund functionality error involving duplicated transactions. The Agent contacted the carrier involved and it was agreed that the carrier would raise an ADM for the overpaid sum. On receipt of the BSP Billing Statement the Agent discovered that the carrier had included a USD50 per ticket penalty fee plus a service charge for their 3 <sup>rd</sup> party audit team of approximately 20 percent of the fare value of each ticket. Furthermore the carrier had closed the review / dispute facility. With an impending BSP settlement the Agent did not wish to be declared in default and sought TAC involvement.	The carrier in October 2010 had circulated to Agent's their policy of charging a USD50 fee per person on all voiding / cancelling or refunding unutilised tickets using 77 fares. The parties were encouraged to meet to reconcile the sum in dispute and an agreement was reached whereby as the USD50 fee had been circulated as required by the Resolution 850m it would stand but the 20% audit team fee would not stand as it had not been disseminated until after the subjects tickets were issued. The tickets involved were streamed out of the BSP billing process. The agreement was subsequently placed in doubt. The parties were encouraged to abide by their documented agreement and as the terms of Paragraph 4.10 of Resolution 850m could not be met formal TAC involvement to resolve the matter was not possible.
<b>January</b>	The Agent's annual IATA financial	At this stage the condition



<p><b>2011</b></p> <p><b>Victoria, Australia</b></p>	<p>review resulted in IATA requiring a bank guarantee or insurance bond to the value of AUD268,000. The Agent considered that the IATA assessment was incorrect, unreasonable and without foundation as outlined in its accountant's letter and sought TAC review. The deadline date for compliance was 31 January 2011. The issue was the offsetting of related loan receivables and payables.</p>	<p>described in Resolution 820e Paragraph 1.1.5 were yet to be realised and hence a Review was premature. However the TAC sought a detailed reply from IATA to the points made in the Agent's accountant's letter. As the deadline date was imminent and IATA's response would consume time, the Agent's request for interlocutory relief was granted for a period sufficient for the IATA assessor to re-examine the subjects' accounts. The IATA assessor agreed to accept certain offset loans provided signed legal agreements were sighted. Discussions with the Agent's accountant resolved other matters. The condition compliance by the Agent allowed IATA to reduce the financial security required to AUD111,000 which the Agent put in place.</p>
<p><b>March 2011</b></p> <p><b>Karachi, Pakistan</b></p>	<p>An Applicant for accreditation was aggrieved at the disapproval of its application after an initial IATA site inspection where lack of qualified staff caused rejection. The Applicant sought and paid for a re-inspection where after a two month pause IATA advised that the application had been declined again as on the inspection day the location was closed. The Applicant sought a detailed response which they claim to have taken 30 days to arrive. IATA advised that advance warning of inspections were not made as it was expected that the location would be open for business during normal hours. The</p>	<p>Contact was made with the local IATA office which revealed that part of the delay was caused by incomplete documentation being supplied and a short payment of the fee. The first inspection revealed that the qualified staff present were employed by another agency and consequently the application was disapproved. On the second inspection the office was closed and phone calls were not answered. If the agency is operating normally there is no need for advance warning. If some emergency caused closure then the circumstances can be submitted for consideration. On</p>

	Applicant sought the TAC's assistance in resolving what was considered to be an unreasonable result.	another day 10 phone calls to the agency's number were unanswered. Again the application was disapproved. Based on the lack of a credible case being presented the request for Review was dismissed.
<b>June 2011</b> <b>Ho Chi Minh City, Vietnam</b>	An Applicant's financial statements were found unsatisfactory as the information related to the current assets to current liabilities ratio test was embodied in the notes to the accounts only. The Applicant could not find that requirement in the Travel Agents Handbook (TAH) and sought the TAC's assistance.	Contact with the IATA Regional Office elicited the fact that it is standard financial practice that the figures are obtained from the balance sheet and not from notes of accounts; hence explicit advice in the TAH is not necessary. The Applicant was invited to re-apply and chose to do so providing financial information in the form requested.

### SUNDRY TAC3

- A. A case involving a BSP double billing on a simple transaction was unresolved due to complete lack of response by various staff contacted within the carrier.
- B. Two cases involving ADM disputes could not be pursued through lack of agreement by the carriers to allow TAC involvement.
- C. A case involving a commercial dispute between an Agent and an Airline was declined.
- D. At the time of submission three cases were in hand.