

# Support is critical to keep us operating

The Omicron variant has thrown Australians' bookings into chaos. Even before COVID, 70% of international travel booked by Australians was through a local travel agent. This is already on the rise due to the immense challenges of COVID-travel. Plus we're still chasing the outstanding \$2Bn in COVID-impacted travel owed to Australians. We will not see any significant revenue before mid-2022. Without Government support, we will not survive.

Our recent AFTA survey of almost 650 travel businesses in the last week, and key insights from Suppliers show the perilous state of our sector. Almost every business has lost people with many down 50% and more.

This quarter and the next will be the hardest we have faced. Financial reserves are exhausted. The workload continues to increase as Australians look to use up existing credits and manage the ongoing challenges of travelling in these times. We won't return to a sustainable footing until mid-2022. Without support, current booking patterns mean over 50% of travel business will struggle to survive by this time.



**53% of current bookings are using existing credits.**

## Travel Sector Skills Retention and Recovery Package is essential

- Support received to date has been essential but we need ongoing support.
- We have lost more than one third of our workforce – 15,000 travel professionals – at a time when Australians need our expertise more than ever.
- Current International sales of air tickets is operating 91% down<sup>1</sup>.
- Domestic air ticket sales are tracking closely to the 2020 performance and still 54% down on 2019 levels<sup>2</sup>.
- The average turnover for an agency, tour operator is still only at 21% (-79%) on 2019 levels<sup>3</sup>.
- The forecast for break even for most business is late 2022/ 2023<sup>4</sup>
  - 62% of travel agencies will return to profit in FY23 and 50% of these respondents said it will be a struggle or are not confident of surviving FY22 without Government support<sup>5</sup>
- Airline capacity is currently -78% (YE October) and passengers are still -97% (YE October) on 19 levels<sup>6</sup>.
- There is no clear roadmap for cruise reopening and the two major cruise companies have cancelled the peak summer season for Australia.
- The share of international and Domestic sales for travel agencies, is 98% international compared to 2% domestic.<sup>7</sup>
  - Sales are made less than 7 days before departure.
  - 71% of existing bookings are for trips to be made post-Christmas with 54% to take place from July.<sup>8</sup>
- 97% of customers believe they will be able to travel without the risk of government changing COVID management policy from March 2022<sup>9</sup>.
- 53% of current bookings are using existing credits which the Travel Agency does not receive payment for.<sup>10</sup>



<sup>1</sup> IATA billing settlement Plan Nov 21

<sup>2</sup> IATA billing settlement Plan Nov 21

<sup>3</sup> AFTA Recovery survey n= 411 as of 18 November 21

<sup>4</sup> AFTA Recovery survey n= 411 as of 18 November 21

<sup>5</sup> AFTA Recovery survey n= 411 as of 18 November 21

<sup>6</sup> BITRE International scheduled traffic to and from Australia

<sup>7</sup> Global Distribution System October insights trend

<sup>8</sup> AFTA Recovery survey n= 411 as of 18 November 21

<sup>9</sup> AFTA Recovery survey n= 411 as of 18 November 21

<sup>10</sup> AFTA Recovery survey n= 411 as of 18 November 21