

How to Deal with Difficult Questions

To help you answer possible questions during the electorate briefing, we have prepared this document for you to use ahead of the meeting.

Travel Agents and agencies are almost extinct.

Even pre-COVID, Australians relied heavily on travel agents for support with the complexities of international travel. In fact 70% of all international travel pre-COVID booked by Australians was through their local travel agent. COVID has only reinforced the value of a travel agent for both consumers and corporate Australia. Never before has the reality of the fact that without a travel agent, you're on your own rung true. Australia's travel agents have successfully repatriated \$8Billion in COVID impacted travel credits and refunds on behalf of our clients over the past two years from hotels, airlines, cruise lines and tour operators. We continue to work on the outstanding \$2Billion. This is by no means an easy process in these times and it's one that most consumers give up on. The value of a travel agent has never been clearer and Australians, just like consumers in other markets, see that and value that.

Then you need to add in the massive and growing challenges of travelling in COVID-times. Differing requirements across airlines, cruise lines, insurance policies, market entry requirements, and the list continues. Plus, as we are seeing right now with the Omicron variant, living with COVID is going to continue to be immensely challenging. Australians travelling need our professional support and advice more than ever.

But these are the toughest time we have ever faced and the next two quarters are going to be the most difficult yet. We have lost a third of our workforce, 15,000 travel experts, at a time when Australians need us most. That's why we are asking for the Federal Government to deliver a Travel Sector Skills Retention and Recovery Package:

- – an additional \$90 million on top of the remaining unallocated \$60M from the COVID Consumer Travel Support Package to support travel agencies, tour operators, wholesalers or consolidators as a one-off payment in rebuilding our workforce and skills base
- As with aviation, our team members are the crucial link to reconnecting Australia to the world and delivering economic growth. This potential support package is tied to payroll and the costs of employment and reemployment of the sector and will support Australian consumers through the refund process.

November 2021

You've already received \$258 Million in support which is more than most sectors – why do you need more?

Travel agencies like ours have been in hard lockdown since the international travel ban was put in place in March 2020 – that's 600+ days on revenue falls of 90% plus because of our revenue reliance on international travel. We also note that \$60M of that remains unallocated.

The runway to recovery for us stretches well into 2022 with the gradual reopening process meaning we will continue to be heavily impacted until at least July 2022 and will only return to normal traffic in 2023.

We appreciate the support given to our Sector to date given our unique circumstances but the reality is that we are now in an even worse state than we were when Government decided to support us.

The nature of the travel payment system means we only get the bulk of payment after travel takes place so the bulk of our income is essentially frozen until the middle of next year and beyond.

The Grants program, while appreciated, 1) was not open to larger travel agencies and 2) Round 1 and 2 were for support to June 30 2021.

The fact is no sector has been harder hit by COVID than the travel sector.

We have already lost a third of our sector, with 15,000 jobs gone. With little to no revenues coming in, travel agents have restructured their staff resourcing in response to COVID-19 through temporary remuneration reductions, stand downs and redundancies.

We need additional support through a recovery package to enable our sector to rebuild and continue to support travelling Australians. Our ask

- **Travel Sector Skills Retention and Recovery Package** – an additional \$90 million on top of the remaining unallocated \$60M from the COVID Consumer Travel Support Package to support travel agencies, tour operators, wholesalers or consolidators as a one-off payment in rebuilding our workforce and skills base
- As with aviation, our team members are the crucial link to reconnecting Australia to the world and delivering economic growth. This potential support package is tied to payroll and the costs of employment and reemployment of the sector and will support Australian consumers through the refund process.

Why are travel agents taking so long to refund consumers?

The money paid by consumers don't sit with the travel agent but rather, once the consumer pays, the agent then pays the supplier (the hotel, cruise line, tour operator

November 2021

etc) in order to make the booking ie it is the end supplier and not the travel agent who holds the funds. We note that the IATA system already provides for money paid to an IATA agent to be held on trust for the airline however even here the money only sits with the agent for a brief time.

In fact travel agents are on the pandemic frontline, supporting consumers through the challenging, time-consuming and complex process of managing cancellations and credits, securing refunds and credits from airlines, hotels, cruise lines and tour operators and at times rebookings. An estimated \$2 Billion worth of bookings are still to be processed on consumers' behalf with \$8 Billion already successfully secured.

Unravelling each booking can take weeks, with refunds from providers often taking several months to be returned back to agents to then pass on to consumers. It is work that travel agents are performing while mostly for zero income. Without the tailored support and business relief that we are calling for, business closures will inevitably follow given many agents have experienced at least a 90% drop in revenue since the introduction of border closures in March.

Quite apart from the fact that these travel agents were healthy, sustainable businesses prior to COVID-19, widespread agency closures would also leave consumers with the expertise and support they need currently to 1) work their way through the refund and credit process and 2) navigate the increasingly complex landscape of travel in Covid Times especially when international travel resumes.

What sort of reforms need to be put in place to better protect consumers?

AFTA, our peak body, has a proud track record in proactively shaping our sector for the benefit of both travel agents and consumers. AFTA works closely with the ACCC and other regulatory bodies and has done just that during the challenges of COVID to identify where practical changes can be made to better support both travel businesses and consumers.