

AFTA lobbies for \$125m for Travel Agent Sector Survival

[1 September 2020:] With an estimated \$4bn worth of bookings still to be processed on consumers' behalf and funds returned to Australians, The Australian Federation of Travel Agents (AFTA) has called on the Federal Government to provide a Travel Agent Support Package of \$125m as well as a range of business relief measures.

AFTA's Pre-Budget Submission highlights the fact that travel agents, tour operators and travel wholesalers are on the pandemic frontline supporting consumers while being amongst the worst hit of Australian businesses with 90%-plus revenue drops and little sign of real recovery without the resumption of international travel.

- **Pre-Covid, Australian travel agents were a vibrant, viable and expanding sector.** In 2018-19, Australians spent over \$46 billion on international travel for commerce, cultural and leisure reasons plus visiting family and friends. This represents the largest import sector of the Australian economy and is a position that has been consistently growing for over 10 years¹. In fact, the Australian travel sector experienced year on year growth of 11%, and has maintained growth of 7.2% over the past five years. In addition to the direct economic benefit, there is also a soft diplomacy advantage. In 2020, ATAS had over 2,700 accredited locations throughout Australia, representing close to 1,400 businesses, employing 40,000 Australians and benefitting their families.
- **Travel agents were the first hit and will be the last to recover. They have been operating with at least a 90%+ revenue downturn with negative cash flow, unable to trade since early March due to Government restrictions, and amongst the hardest hit of all businesses.** 70% of international travel is booked through travel agents. IATA (International Air Transport Association) have forecast air travel will not return to pre-2019 levels before 2024. The nature of the travel payment ecosystems means travel agents do not receive the bulk of payment until months after travel has been completed. At the end of March 2020, 53% of travel agent forward leisure bookings by value were for international air travel and together international air and cruise made up two-thirds of travel agent TTV (total transaction value).
- **Travel agents' work and service across our country is significant, employing over 40,000 Australians in small regional towns to large capital cities.** Travel agents are interwoven in the fabric of their local communities and are dedicated tax-paying, mostly small businesses, contributing over \$28 billion annually to the Australian economy.

Quotes attributable to AFTA CEO Darren Rudd:

"Travel agencies have zero revenue coming in, an enormous amount of refunds still to process which means they're currently operating on a negative cashflow basis, and have no end in sight on the continued closure of domestic and

¹ Australia's Trade in Goods and Services 2019 <https://www.dfat.gov.au/sites/default/files/australias-goods-services-by-top-25-imports-2018-19.pdf>

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international borders. Right now, the primary priority of our members is doing everything they can to obtain the maximum refund for their customers."

"The continued professional management of this process is vital. The monies returned will, and are already, stimulating the Australian economy. The billions of dollars still outstanding will continue to deliver a very positive economic outcome for the nation as they are returned. But the process of managing that return is complex and lengthy."

"Travel Agents and wholesalers are working through the complicated process of refunds and credits under COVID-19 conditions (resources and systems stretched beyond capacity) repatriating outstanding funds of approximately \$10 billion, which will be reinvested in Australian businesses, including tourism in Australia. These funds represent an enormous stimulus for the Australian economy, which require the expertise of travel agents to ensure the maximum value is returned to our customers."

"Now, more than ever, travel agents are proving their value to their customers and the increasing number of non-customers who have turned to them for support. AFTA estimates 80% of the current workforce is working full time on refunds, cancellations and credits, in an effort to help consumers. Add to this, the specialised expertise required to navigate the individual Terms and Conditions that each supplier has and the complexity becomes obvious. This is not a role that is easily absorbed by Government even if the personnel resources were available."

"AFTA is firmly of the view that the survival of those employed in the thousands of small to medium sized businesses, currently providing a valuable service to an estimated 4 million Australians warrants special consideration and the allocation of a specific industry grant."

"AFTA proposes a comprehensive package of measures to bridge the financial impact of the travel sector by assisting both AFTA accredited agents and non-AFTA members and their customers through the direct impacts of the COVID-19 pandemic on their businesses and travel plans, and back to profitability from late 2021."

"This is a critical time for our sector and unless we all work together, there are many businesses which will not survive. We don't want that to happen. This is a sector which has spent generations helping Australians get overseas for commerce and culture, family and friends reunions and now it's time for our society to help them in return and by doing so help restart our economy."

AFTA has asked the Federal Government to provide a range of support initiatives to ensure the sector's survival, the most significant of which include:

- **Scaled Back to Business grants** forecast to be an average \$40,000 based on total transaction value in FY19 to assist them to stay in business, cover

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some operational costs, continue the work of both returning refunds to customers and assisting travellers in 2021 and beyond;

- **Back in Business concessional loans** of up to \$100,000 per agency outlet to sustain business and service to travellers, delivered through commercial banks, backed up by a three-year Commonwealth guarantee. These loans will enable viable businesses to endure the COVID-19 related downturn and slow return to profitability;
- **The critical need to get Australians travelling again** through the establishment of travel bubbles and through Government promoting the purchase of travel through Australian-owned travel businesses.

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Notes to Editors:

The Australian Federation of Travel Agents (AFTA) is the peak body in Australia representing the retail travel industry. Founded in 1957, AFTA represents the majority of travel agents in Australia and includes all of the major travel agency groups.

AFTA is supporting the travel agency community, travelling public and travel suppliers to the best of our ability during this COVID-19 pandemic.

The ATAS accreditation scheme that is operated by AFTA remains in place and consumers can seek information about their travel plans which have been booked via an ATAS accredited travel agent at www.atas.com.au.

We wish all travel industry stakeholders and the travelling public a safe outcome to this dreadful pandemic and look forward to a time in the near future when we can all return to travelling.