

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.

You all get Job Keeper already, why do you need more support?

There's no doubt that JobKeeper has helped many travel agencies however not every agency qualified. The fact is that while COVID-19 has severely impacted a number of industries, no sector has been harder hit than the travel sector. Even when national restrictions are lifted, non-existent international travel will continue to impact our turnover and the viability of travel businesses.

Additionally, travel agents and travel wholesalers were the first hit when our international borders were closed in March. Travel agents have been living with at least a 90% reduction in revenue since then with many experiencing a hit to revenue of close to 100%. This is likely to continue well into 2021 while international borders remain closed.

The average weekly wages of staff at larger travel businesses is approximately \$1,500.¹ This is twice the original JobKeeper payment of \$1,500 per fortnight. 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 to meet the other overhead expenses – rent, GDS fees etc – so that 1) we survive and 2) are able to continue to support travelling Australians including through the complex and challenging refund process.

Travel agents are almost extinct – why should we support you?

In 2018-19, Australians spent over \$46 billion on international travel, representing the largest import sector of the Australian economy and maintaining this position for over 10 years². 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.

Australians have always had an insatiable appetite for travel and AFTA members have, since 1957, provided expert guidance and knowledge to help Australian travellers visit the world. 70% of all Australian travel is still booked with a travel agent. COVID-19 has actually provided a major platform to reinforce the value of a travel agent. Travel agents, tour operators and travel wholesalers around Australia have been working hard to assist customers and non-customers through the complex and confusing

¹ Ibid.

² 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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process of securing refunds and credits and managing cancellations, bookings and re-bookings.

Why are travel agents taking so long to refund consumers?

Travel agents are in the pandemic frontline, supporting consumers through the challenging, time-consuming and complex process of managing cancellations and credits, securing refunds and at times rebookings. An estimated \$4 billion worth of bookings are still to be processed on consumers' behalf.

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 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 a significant number of consumers with just one place to turn for support – Government.