



Australian Federation of Travel Agents (AFTA)
**Submission to the Inquiry into Australia's tourism and
international education sectors**

April 2023



Executive Summary

The Australian Federation of Travel Agents (AFTA) welcomes this opportunity to contribute to the Joint Standing Committee on Foreign Affairs, Defence and Trade (the Committee) Inquiry into Australia's tourism and international education sectors (the Inquiry).

AFTA members play an important role in facilitating bookings of inbound and outbound travel, accommodation and related services, which contribute to the tourism industry in Australia. As the peak body for a broad array of Australian travel professionals, AFTA is uniquely placed to comment on the challenges and opportunities for growth in tourism. AFTA strives to promote competition across the entire tourism sector, alongside world-leading practices to ensure an efficient and positive traveller experience.

AFTA considers this Inquiry to build on previous commitments to expanding the visitor economy, as exemplified through the *THRIVE 2030 Strategy*.

It is for these reasons that AFTA provides the following comments on the tourism sector to enhance the post-pandemic recovery of the Australian economy:

THRIVE 2030 Priority 2: Improve data and insights

- 1 AFTA advocates that the Joint Standing Committee on Foreign Affairs, Defence and Trade recommend that the Treasurer, the Hon Dr Jim Chalmers MP, instruct the Productivity Commission to develop an analytical framework that illustrates inbound and outbound traveller interactions with different governments and regulatory services or systems.

THRIVE 2030 Priority 3: Grow a secure and resilient workforce

- 2 AFTA advocates for the inclusion of the *Certificate III in Travel* to be funded by all States and territories as part of the *National Agreement for Skills and Workforce Development*.

THRIVE 2030 Priority 4: Embrace leading-edge business practices

- 3 AFTA maintains that quarterly reporting by the ACCC is of critical importance to tracking the overall health of the domestic aviation sector. Reporting should be maintained until service levels are returned and complaints to the ACCC return to pre-covid levels.
- 4 AFTA maintains that authorisations of airline coordination agreements should be conditioned upon robust analysis of the benefits and detriments of the agreements.
- 5 AFTA supports a competitive market for airport slots that allows entry for increased capacity to put downward pressure on the prices of air tickets. Consideration should be given to increasing threshold for slot use to 90 per cent within 2 years and 95 per cent within 5 years.
- 6 AFTA supports the current review of the bilateral air services agreements. The review should enshrine core principles ensure Australian consumer outcomes of competition with the aim of lowering prices and improving services.

THRIVE 2030 Priority 5: Enhance visitor infrastructure

- 7 AFTA does not support any increase to the PMC as it would further increase fares in a time of higher-than-average fare pricing and undermine the competitiveness of Australia's tourism industry.
- 8 AFTA supports the consideration of a long-term funding structure for the ongoing improvement of airports (domestic and international) and seaports to enhance visitor experience to produce productivity gains.
- 9 AFTA considers that the ETA app should be made available in languages other than English, that are relevant to ETA-eligible passport holders.

10 AFTA supports the implementation of a technology solution to offer GST refunds consistent with practices among international competitors that are creating more efficient experiences and improved economic outcomes.

11 AFTA supports the CLIA Australasia submission on the need for increased resources for the MTPC.

THRIVE 2030 Priority 6: Build markets and attract visitors

12 AFTA calls on the Government to appropriately recognise the critical importance of outbound travel and undertake stronger engagement with the travel sector to ensure that outbound travel is leveraged to the mutual benefit of inbound travel.

13 AFTA supports a holistic review of the visitor economy ecosystem to ensure a strong and sustainable recovery.

14 AFTA considers that a holistic analysis and pathway for the travel sector is critical for all participants in this sector for the next 30 years as the industry decarbonises.

15 AFTA recommends that the ongoing campaigns by government include Australian-based travel businesses for distribution arrangements and to be cautious of including non-Australian overseas companies to distribute holiday content to Australians looking to holiday in Australia.

16 The role of TMC's must be acknowledged in government tourism strategies and the role of business travel in creating liveable cities.

Tables of Contents

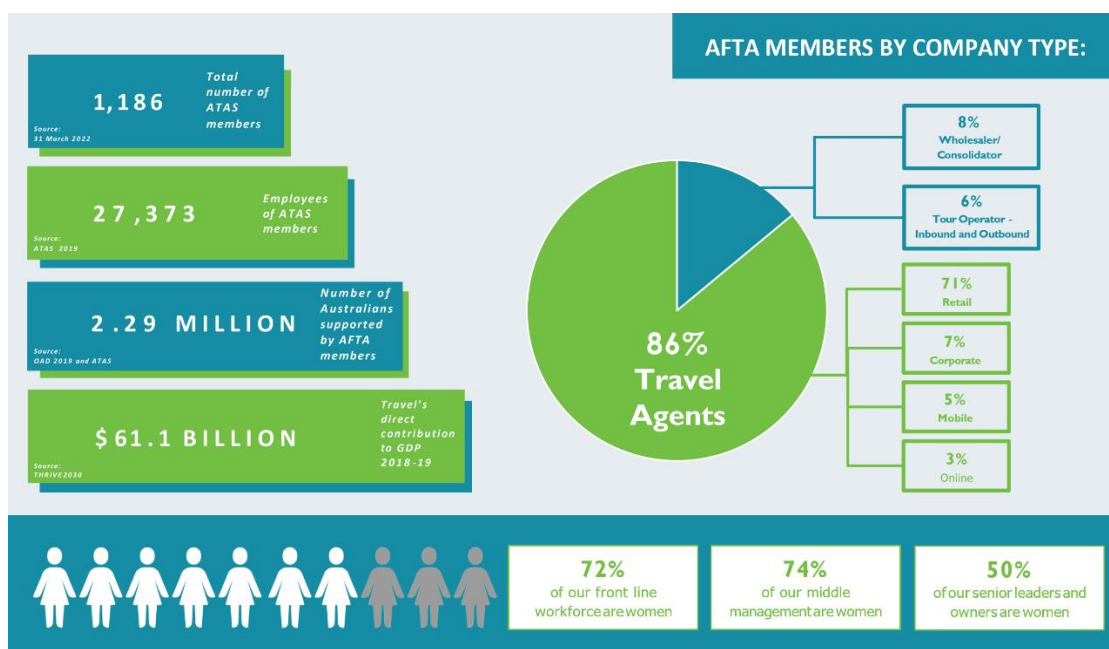
Executive Summary	1
The Australian Travel Sector supporting Australians through the pandemic and recovery	4
1.1 Background.....	4
1.2 Building and retaining consumer confidence and trust	5
ATAS Accreditation.....	5
Promoting Insurance Coverage	6
The Government’s commitment to the Visitor Economy.....	6
THRIVE 2030 Priority 2: Improve data and insights	7
2.1 Traveller interaction framework	7
THRIVE 2030 Priority 3: Grow a secure and resilient workforce	8
3.1 The Workforce.....	8
3.2 Workforce training in the travel sector	8
THRIVE 2030 Priority 4: Embrace leading-edge business practices	10
4.1 Unlocking the aviation sector.....	10
Carrier Coordination Agreements	10
Airport Slots.....	11
Bilateral air services system	12
THRIVE 2030 Priority 5: Enhance visitor infrastructure	13
5.1 Passenger Facilitation.....	13
Passenger Movement Charge	13
Investment in International passenger facilitation investment	14
Visas and Electronic Travel Authorities	14
Tourist Refund Scheme	15
Restore ability of border agencies to clear cruise passengers	15
THRIVE 2030 Priority 6: Build markets and attract visitors	17
6.1 Critical importance of two-way travel.....	17
6.2 Barriers to growth in the visitor economy	17
6.3 Engaging consumers through the climate transition	18
6.4 Utilizing ATAS travel businesses to enhance domestic tourism marketing	18
6.5 Understanding the importance of the Corporate Travel Management Companies.....	19

The Australian Travel Sector supporting Australians through the pandemic and recovery

1.1 Background

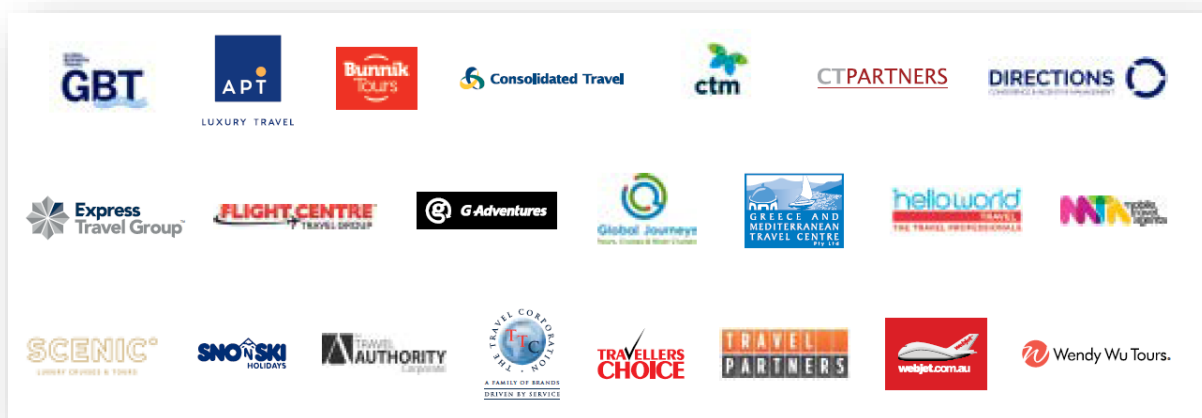
AFTA is the trusted source for advice and best practice in the travel sector. Our mission is to highlight the integrity of our members through effective approaches in advocacy, industry recognition and awards, and ultimately boosting the confidence of the travelling public.

AFTA administers the AFTA Travel Accreditation Scheme (ATAS), which is the largest and most representative accreditation scheme for travel businesses in Australia. All AFTA members are ATAS accredited and recognised for their highest operational standards including assessment of finances, minimum levels of training and procedures for dealing with consumer grievances. About 85 per cent of consumers are more likely to book with an ATAS-accredited travel agency or tour operator.



Our membership base includes the full spectrum of travel intermediary businesses across Australia including retail and corporate travel agents, tour operators, wholesalers and consolidators. Our members range in size from the largest listed organisations such as Flight Centre, Helloworld, Corporate Travel Management and Webjet, through to small independently owned and operated travel businesses.

A large proportion of travel agent members are small to medium businesses, many of whom operate under networks such as Express Travel Group, Travellers Choice and CT Partners. AFTA's membership also includes consolidators, tour operators and wholesalers such as Scenic, APT and The Travel Corporation. At the start of 2022, AFTA had a total of 1,750 ATAS-accredited member locations. A directory of current members is available at [atas.com.au](https://www.atas.com.au).



1.2 Building and retaining consumer confidence and trust

Consumer and corporate reliance on travel professionals increased significantly during the COVID-pandemic. Australians turned to our members to help them navigate the multiple challenges of managing COVID-pandemic impacted travel, credits and refunds. Australian-based tour operators, wholesalers and agencies worked together to repatriate funds that were being held by international suppliers. Our members provided this support throughout the COVID-pandemic for negligible financial return and in many cases at a significant financial cost. The value of a travel professional has been starkly reinforced and consumer confidence and trust in our members has endured post-pandemic.

ATAS Accreditation

AFTA is committed to continually elevating travel industry standards in Australia by driving increased and continued participation by travel intermediaries (those who buy and sell travel) in the Australian Travel Accreditation Scheme (ATAS). This is Australia's only accreditation Scheme, for travel agents, wholesalers and consolidators and was developed with full oversight by the Consumer Affairs Forum.

The ATAS Complaint Appeal Committee (ACAC) is an independent review body specifically established under ATAS to review and determine customer complaints and allegations of non-compliance with the ATAS Charter and Code. ACAC reviews complaints elevated to it by the Compliance Manager and can issue binding decisions, including sanctions against a Participant. Between January 1 and 31 December 2022, ATAS received 954 complaints, with the most common issues being refunds for COVID-pandemic affected bookings and converting unused credits issued during the COVID-pandemic to refunds. The industry has been severely under-resourced, which has impacted service levels.

In situations where both parties cannot come to an agreement, ACAC plays a vital role in addressing the ATAS participant's compliance with the ATAS Code of Conduct and ensuring a fair outcome for all parties. Former Chief Executive Officer of the Australian Competition & Consumer Commission, Hank Spiers, currently chairs ACAC and ensures that through ATAS accreditation, AFTA members are committed to maintaining Australia's world-class travel industry and building on the goodwill the industry continues to develop.

Promoting Insurance Coverage

AFTA members play an important role in providing insurance offerings to customers. The Department of Foreign Affairs and Trade (DFAT) has recognised that increased consular assistance would be required were it not for the existence of travel insurance and travel agents.¹




According to DFAT’s *SmartTraveller*, a survey study found that 95 per cent of Australians who have booked a trip overseas plan to take out travel insurance. However, one-in-ten travellers under the age of 30 actively reject the idea of taking out travel insurance regardless of the destination.²

The travel industry and DFAT, via the *SmartTraveller* campaign, have been working together for almost 20 years to ensure that when Australians take an overseas trip, they have travel insurance and, preferably, appropriate travel insurance. This has been an immensely successful campaign and AFTA, along with government, continues to be fully supportive of the key messages and information that is available to both the travel trade in Australia, along with the millions of Australians taking an overseas trip.

In regard to the current regime for hawking, ASIC has provided non-binding guidance that the offer of travel insurance is not unsolicited at a travel agency, as it is reasonably within the scope of a solicited meeting for the purchase of travel products. DFAT has acknowledged the important role that travel agents play in protecting travellers. Under the DFAT *Charter for Safe Travel*, for which AFTA was the first signatory on 11 June 2003, agents are committed to “... encourage travellers to take out adequate travel insurance.” Without travel agents, there is a real risk of more Australians leaving the country without travel insurance, which is not in the best interests of the traveller, the Australian government or the broader Australian economy.

The Government’s commitment to the Visitor Economy

AFTA commends the Minister for Trade and Tourism, Senator the Hon Don Farrell, for his commitment to the visitor economy’s full recovery and sustainable growth following the COVID-pandemic. This commitment was exemplified through the Minister’s endorsement of the *THRIVE 2030 Strategy*, which identified the following strategic priorities:

1	Deliver success through comprehensive collaboration	COLLABORATE 
2	Improve data and insights	
3	Grow a secure and resilient workforce	MODERNISE 
4	Embrace leading-edge business practices	
5	Enhance visitor infrastructure	
6	Build markets and attract visitors	DIVERSIFY 
7	Grow unique and high quality products, including First Nations experiences	

AFTA wishes to make its recommendations to the Committee’s inquiry within the conceptual framework of strategic priorities of *THRIVE 2030*.

¹ DFAT, *Consular State of Play: 2018-19*, p.1.
² DFAT, *Consular State of Play: 2021-22*, p.18.

THRIVE 2030 Priority 2: Improve data and insights

2.1 Traveller interaction framework

In our latest analysis, there are at least 12 Ministerial portfolios directly impacting the Visitor Economy. The *Thrive 2030 Strategy* does provide some framework to coordinate these functions, however a holistic analysis is required to determine the effectiveness of these departments and to identify potential productivity gains. It is the inherent complexity of the tourism and travel industry that means there is a clear lack of transparency of the current expenditure by government, its effectiveness and its impact on our competitiveness as a destination.

Analysing government expenditure in key visitor economy portfolios, including, but not limited to, Home Affairs (Border facilitation, Immigration), Agriculture (Biosecurity), Foreign Affairs (Consular Services, Passport Office) and Trade (Tourism Australia and Austrade), can help evaluate the effectiveness of tourism-related programs and initiatives. By understanding the impact of these programs, government can make informed decisions about the allocation of resources and improving existing programs.

For the travel and tourism industry, AFTA envisages that improved data and insights could be used to develop an analytical framework that illustrates inbound and outbound traveller interactions with different governments and regulatory services or systems. The framework would allow traveller activities and tasks in the journey to be linked to industry subsectors and identify the pain and/or gain points they are experiencing.

AFTA considers that a framework of this nature would provide the industry with a framework to diagnose and collaborate on the improvements needed to modernise the regulatory environment impacting travellers. It would also provide the industry and policymakers with additional insights into the complex regulatory frameworks impacting traveller experience.

RECOMMENDATION 1:

AFTA advocates that the Joint Standing Committee on Foreign Affairs, Defence and Trade recommend that the Treasurer, the Hon Dr Jim Chalmers MP, instruct the Productivity Commission to develop an analytical framework that illustrates inbound and outbound traveller interactions with different governments and regulatory services or systems.

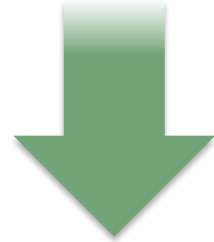
THRIVE 2030 Priority 3:

Grow a secure and resilient workforce

3.1 The Workforce

The following infographic sets out the key characteristics of the current travel consultant workforce:

In 2021-22, tourism consumption for the Travel Agents and Tour operator sector was \$5.6 billion, compared with the pre-COVID year 2018-19 of \$9.4 billion.



That is a sector-wide decrease of **40%**.

In pre-COVID times there were **41,400** people employed in the sector.

Women make up **80%** of people in the specific role of travel consultants



with an average age of 36.

Jobs & Skills Australia predicts that there will be a decline of 13.6% in the travel consultant role by 2026.

Jobs & Skills Australia's assessment that there will be a future decline in the number of jobs is impacting a range of decisions being made by governments and ignoring the high level of current workforce shortages in the sector. This contradiction presents a sobering example of the contrast that can exist between clear industry evidence of current skill shortages and a desktop assessment of a predicted future decline in the number of jobs. This assessment has material and strategic disadvantages as the travel sector and its key roles are currently not listed on a number of skill shortages lists which has resulted in a lack of or reduced access to migration and training funding.

3.2 Workforce training in the travel sector

Nationally accredited vocational education and training (VET) qualifications relevant to the travel sector sit within the SIT training package which, until the finalisation of the current reforms, are managed by Skills IQ as the Skills Service Organisation servicing the Tourism, Travel and Hospitality Industry Reference Committee (IRC). There are four current VET qualifications in travel within the SIT package:

- Certificate III in Travel;
- Certificate IV in Travel and Tourism;
- Diploma of Travel and Tourism Management; and
- Advanced Diploma of Travel and Tourism Management.

The National Centre for Vocational Education Research (NCVER) publishes enrolment data for government funded VET students as well as overall enrolments, funded or otherwise. The most recent published data for government-funded students shows that even though there were close to 1 million students funded by government(s) in whole or in part in the first six months of 2022, only 900 of those students were undertaking travel-related qualifications.

The low number of government-funded travel students is in large part a result of travel consultants not being identified as an occupation in the current shortage or travel not being adequately supported with government funding in Job Trainer and other State/Territory funded programs. For example, a Certificate III in Travel is considered the most important specific qualification for the travel industry, yet in the recent JobTrainer partnership program, only South Australia included the Certificate III in Travel with a fee to the student reduced to \$175. Some of the other States have tourism-related support, but in the ACT, NSW and NT there are no tourism or travel-related qualifications listed for support under the program.

RECOMMENDATION 2:

AFTA advocates for the inclusion of the Certificate III in Travel to be funded by all States and territories as part of the National Agreement for Skills and Workforce Development.

Trainee enrolments under the Australian Apprenticeship program have also dropped dramatically during the COVID-pandemic. From over 3,000 trainees undertaking the Certificate III in Travel in 2018 and 2019, the numbers dropped to 1,720 in 2020 and an alarmingly low 180 in 2021. This drop will be exacerbating the current shortage of skilled travel consultants.

AFTA commends the federal government for updating its apprenticeship priority list in January 2023 to include Travel Consultant, and accepted the qualifications at Certificate III, Certificate IV, Diploma and Advanced Diploma level as priority traineeship pathways which will now be eligible for incentive and wage subsidy funding.

THRIVE 2030 Priority 4:

Embrace leading-edge business practices

4.1 Unlocking the aviation sector

The sluggish recovery of aviation capacity is significantly impacting ATAS travel businesses and the broader travel sector. During the COVID-pandemic, Australia's travel industry had revenue falls of over 90 per cent during extended border closures and experienced a loss of more than a third of its skilled workforce, while the broader tourism industry lost around \$4 billion per month. ATAS travel businesses are seeing their post-COVID recovery curtailed, however, by the lack of airline competition and capacity, and the resulting higher airfares. This is greatly impacting travel and tourism recovery.

The decision by the previous government to implement quarterly reporting provides independent data on the performance of the aviation sector and its critical role in the economy. This reporting allows oversight into the overall health and recovery of the domestic aviation sector to support Australia's overall economic growth. This quarterly report allows consumers and industry stakeholders to receive timely and relevant information about capacity, prices and consumer complaints. As noted in the March 2023 Report, prices peaked in December 2022, average revenue decreased by 13 per cent in January 2023. This figure was still 13 per cent higher (29 per cent higher in nominal terms) than in January 2019³. It is critical that these reports continue to be published to provide independent data on the operation of the domestic travel sector. Importantly, the ACCC has also noted that compliant regarding airline performance is still tracking above 2019 levels. This reinforces the critical importance of independent reporting.

RECOMMENDATION 3:

AFTA maintains that quarterly reporting by the ACCC is of critical importance to tracking the overall health of the domestic aviation sector. Reporting should be maintained until service levels are returned and complaints to the ACCC return to pre-covid levels.

Carrier Coordination Agreements

As the peak body for a broad array of Australian travel professionals, AFTA strives to promote and advocate for competition across the entire travel sector. Healthy competition is critical for the effective operation of markets so that businesses have the incentive to operate efficiently, price competitively and offer products valued by consumers. This in turn delivers benefits to the Australian community and economy through lower prices, innovation and improved product offerings.

AFTA recognises that carrier coordination can improve convenient connections for passengers, lowering barriers for both inbound and outbound travel. As an industry that specialises in coordinating multi-leg itineraries and products on a single ticket, AFTA can also attest to the benefits consumers enjoy from an integrated experience.

However, in recent times, there has been an increase in the number of carriers seeking to direct commercial relationships beyond the established airline alliances (One World, Star Alliance, Sky Team). AFTA has recently made submissions to the ACCC on a number of authorisations seeking clarification on the overall public benefit.

³ Airline competition in Australia - March 2023 report; <https://www.accc.gov.au/publications/serial-publications/airline-competition-monitoring-reports/airline-competition-in-australia-march-2023-report>

As part of our assessment of these authorisations, it is the view of AFTA, that some of the benefits can occur without the need for further authorisations. In these decisions, some airlines have stated that they would withdraw from certain routes or activities, however, AFTA considers this is highly unlikely given the propensity for Australians to travel internationally.

In the current operating environment and the context of recent pricing activity, it will be critical for the ACCC to ensure that any further authorisations or re-authorisations lead to airline capacity increases and greater competition in the sale of air travel services.

RECOMMENDATION 4:

AFTA maintains that authorisations of airline coordination agreements should be conditioned upon robust analysis of the benefits and detriments of the agreements.

Airport Slots

There is an urgent need to review Airport slots to ensure the growth of Australia's travel and tourism sector is not being limited by outdated regulations. Currently, slot regulations are managed according to Worldwide Airport Slot guidelines and the Sydney Airport Demand Management Scheme, in the case of Sydney Airport. While most airports are not constrained on slot movements, Australia's gateway, Sydney Airport is significantly constrained in its ability to operate.

During the COVID-pandemic, airlines received relief from their obligations to use their allocated slots to take off and land at airports. Most of the requirements on airlines to use their allocated slots were reinstated by the Minister for Infrastructure, the Hon Catherine King MP in August 2022 as a result of the recovery in domestic and international flying.

The Ministerial Direction contains a protection mechanism to ensure that allocated slots that airlines opt to forgo or lose under usage requirements will remain available for international services in the future. AFTA supports this important protection.

Domestically a concerning trend is now occurring where cancellation rates are 413 per cent higher than pre-COVID. Under the Worldwide Airport Slot Guidelines airlines must maintain an average of 80 per cent use of a slot to maintain access to it. Cancellation rates on international flights are rare given current load factors, however, there is a continued elevation of cancellations for domestic flights arriving or departing Sydney:

- Canberra-Sydney route at 11.8%
- Sydney-Canberra route at 11.2%
- Melbourne-Sydney route at 10.9%
- Sydney-Melbourne route at 10.8%
- Brisbane-Sydney route at 7.5%

AFTA notes, that the cancellation rate prior between 2009 and 2019 was 2.3 per cent.⁴ These cancellation rates significantly increase the cost of travel consumers and Travel Management Companies (TMC) that must manage these cancellations. For business clients there is a significant productivity loss, while for the TMC, there is a real cost of reissuing tickets and management of forward travel which the consumer ultimately pays.

With the long-term average of 2.3 per cent, consideration should be given to increasing threshold for slot use to 90 per cent within 2 years and 95 per cent within 5 years. This would provide a significant

⁴ February 2023, BITRE https://www.bitre.gov.au/statistics/aviation/otp_month

incentive for airlines to operate scheduled flights or provide a new opportunity for new entrants to compete.⁵

RECOMMENDATION 5:

AFTA supports a competitive market for airport slots that allows entry for increased capacity to put downward pressure on the prices of air tickets. Consideration should be given to increasing threshold for slot use to 90 per cent within 2 years and 95 per cent within 5 years.

Bilateral air services system

There are currently 90 Australian bilateral air services agreements and associated arrangements governing traffic rights, capacity, designation, ownership and control, tariffs and competition law. These agreements form part of the overall 3,000 interlocking bilateral air services agreements across the world providing the framework in which international air travel is conducted.

As noted by the Department of Infrastructure, governments must continually negotiate new treaties to allow international aviation to grow and expand their carriers to new and emerging markets. This type of trade arrangement does not exist in any other sector, and it is no longer fit for purpose. The bilateral system has its weaknesses, but it can also be flexible and allow rapid change, where parties agree. However, AFTA has seen attempts to use the bilateral system to limit competition.

The current review underway into the bilateral system with the aim to liberalise air services arrangements and progressively remove restrictions on routes, capacity and airline ownership is supported by AFTA in principle.

RECOMMENDATION 6:

AFTA supports the current review of the bilateral air services agreements. The review should enshrine core principles ensure Australian consumer outcomes of competition with the aim of lowering prices and improving services.

⁵ Qatar Airways wants to “double flights to Australia”, October 2022,
<https://www.executivetraveller.com/news/qatar-airways-wants-to-double-flights-to-australia>

THRIVE 2030 Priority 5: Enhance visitor infrastructure

5.1 Passenger Facilitation

AFTA supports investment into technology solutions to improve the border experience by travellers and to ensure that any impediments do not stifle growth in the tourism industry. Typically, passenger facilitation at airports informs the first impression and experience of a destination.

As noted in 2.1, there is currently no overarching strategy to coordinate government and private sector investment (by airports and seaports) and their service departments, such as Australian Border Force (ABF) or the Department of Agriculture.

It is critical that a long-term strategy be developed that defines the security risks which need to be addressed, service levels at all ports and the coordination of services across the Australian Border Force and Department of Agriculture. This strategy needs to also address the funding requirements of each department and port owners to limit any potential gold plating and to minimise costs for travellers.

Passenger Movement Charge

The Passenger Movement Charge, was introduced in 1995 replacing the departure tax to recover the cost of customs, immigration and quarantine processing of travellers and to fully offset the cost of issuing short-term visitor visas.

Since its introduction, the cost of the PMC is now 122 per cent higher than in 1995 and is the second highest departure tax in the world after the United Kingdom's Air Passenger Duty. The Passenger Movement Charge (PMC) is a \$60 cost for the departure of a person from Australia for another country, whether or not the person returns to Australia. According to IATA modelling in 2016, the PMC represents more than 9 per cent of the average return fare on Trans-Tasman routes and 5 per cent on routes between Australia and the rest of Asia. Importantly the PMC currently reduces passenger traffic to Australia at 4.2 per cent per annum⁶.

The increase of the PMC by 9 per cent in 2016 was passed by the Parliament with an amendment to the Government's legislation to freeze the tax at the \$60 level until the year 2021. While this freeze has allowed the industry to price products with a certainty of taxation, it has still meant that Australian businesses and travellers are penalised by the highest tax rate in the world.

As of 30 June 2022, the PMC generated \$180.5 million in tax revenue. However, this figure has been significantly impacted by the COVID-pandemic and is expected to substantially recover this financial year. Prior to the COVID-pandemic, the PMC was generating over \$1.2 billion in tax revenue each year, which considerably was greater than the current expenditure on border management by the Department of Home Affairs and the Department of Agriculture and Water.

The travel and tourism industry is united that no further increases to the PMC are required and that what is currently collected is allocated directly to the security of the Australian border as per its original intention. AFTA is of the firm belief that the PMC is a poorly designed tax that has moved far from its original intention to recover the necessary costs associated with border processing. The PMC reduces inbound visitor spending and impacts, particularly on international visitors in emerging tourism source markets who compare the price of visas and taxes when planning a holiday. Further,

⁶ IATA, 2016, the Economic Impact Of Increasing The Passenger Movement Charge In Australia

airfares are currently at all-time high prices for consumers, with the ACCC finding that there has been a 27 per cent increase in all airfare types.⁷ The PMC only adds to the cost of fares for travellers.

RECOMMENDATION 7:

AFTA does not support any increase to the PMC as it would further increase fares in a time of higher-than-average fare pricing and undermine the competitiveness of Australia's tourism industry.

Investment in International passenger facilitation

As the travel and tourism industry recovers, there is a need for investment in new and refreshed assets and infrastructure, especially in regional Australia. This includes major infrastructure such as aviation and seaport facilities and processes.

In regards to major ports, AFTA commends the ABF strategy for using electronic barriers using facial biometric technology (smart gates) for face-to-passport verification to process low-risk travellers at airports. This allows expedited processing, reducing associated time and costs while improving the visitor experience. This has allowed resources to instead be focussed on intercepting high-risk travellers.

While Australia did have a clear strategy of modernisation, there is now a clear need for a new overarching strategy bringing together government service providers, infrastructure owners, suppliers and travel management companies. It is critical that this work is undertaken with a wholistic perspective, especially with the upcoming Aviation White Paper. There is a risk that Australia has a two-tiered approach one for airports and another for seaports. This would detrimental to Australia's overall competitiveness and have negative implications on productivity improvements.

RECOMMENDATION 8:

AFTA supports the consideration of a long-term funding structure for the ongoing improvement of airports (domestic and international) and seaports to enhance visitor experience to produce productivity gains.

Visas and Electronic Travel Authorities

AFTA commends the Department of Home Affairs for increasing the proportion of applications lodged online over the past decade. Online lodgement provides better access for visa applicants. AFTA considers that the further development of simplified visa processes and documentation for citizens in expanding markets, including China, India and Indonesia, will be critical to lifting Australia's inbound traveller rates and supporting the tourism industry.

AFTA also commends the Department of Home Affairs for the rollout of the Electronic Travel Authority (ETA) App as the sole application method for ETA visas for eligible passport holders. However, there are significant accessibility issues with the ETA app given that it is only available in English, which may severely impact the passenger experience for some.

RECOMMENDATION 9:

AFTA considers that the ETA app should be made available in languages other than English, that are relevant to ETA-eligible passport holders.

⁷ ACCC, Airline competition in Australia, 10 December 2022, <https://www.accc.gov.au/system/files/Airline%20Competition%20in%20Australia%20-%20December%202022%20report.pdf>

Tourist Refund Scheme

Australia's current Tourist Refund Scheme (TRS) is administered by the Department of Home Affairs through the ABF. As one of the few known government-run TRS systems in the world, the scheme is labour-intensive, time-consuming, paper-based and an inefficient use of scarce fully-trained ABF officials.

Continual increases in TRS usage by departing international travellers, particularly from China, along with a range of entitlement changes implemented in 2013, have put increasing strain on the existing TRS at Australian airports. At the same time, the TRS increases passenger process times at border control and underlines visitor satisfaction at airports. It also has the potential to undermine inbound visitor shopping and spending by international visitors.

The Tourism Shopping Reform Group (TSRG) has been established to advocate for the reform of the TRS and has undertaken extensive modelling and advocacy on this issue. Representing all major Australian retailers and tourism stakeholders, the TSRG calls on the Government to reform the TRS to provide an open, competitive system operated by private refund providers which allows reimbursement whilst visitors are still in Australia.

In addition to improving processing times at border control and increasing visitor experience satisfaction at airports, the TSRG believes that this approach will drive tourist shopping and facilitate product development for international visitors, leading to increased spending by international visitors. Modelling conducted by KPMG forecast that this reform will deliver an additional economic impact of \$226 million to the Australian economy and assist state, territory and Commonwealth Governments.

RECOMMENDATION 10:

AFTA supports the implementation of a technology solution to offer GST refunds consistent with practices among international competitors that are creating more efficient experiences and improved economic outcomes.

Restore ability of border agencies to clear cruise passengers

As noted in the CLIA Australasia submission, before cruise ships enter Australia, they need to obtain approval for their arrivals from the Maritime Travellers Processing Committee (MTPC). Prior to the pandemic, cruise lines rarely experienced any instances where itineraries were rejected by MTPC. Where proposed arrival ports such as Broome were not suitable for processing large volumes of arriving passengers, border agencies would provide staff (at the cost of the cruise line) to perform en route clearances.

Unfortunately, since the cruise restart, MTPC has rejected a series of proposed itineraries affecting arrivals into a number of ports including Broome, Wyndham, Burnie, Darwin, Eden, Geraldton and others. While MTPC staff have worked constructively with us to try to restore some of the itineraries where they can, our understanding is that lack of staff resources to attend many regional ports is preventing the approval of itineraries that otherwise would have been approved prior to Covid.

The inability to provide the advertised itineraries is an issue on a number of fronts. The port community that is expecting the cruise visit misses out on the significant passenger spend and the port fees that provide a direct injection into their local economies. The cancellation of the advertised itinerary on short notice disappoints the cruise visitor and damages Australia's reputation as a tourism destination.

We are appreciative of the open and ongoing dialogue with MTPC on these issues. However, continued rejection will negatively impact cruise lines' confidence to deliver their itineraries and ultimately to operate in Australia. We need a commitment by government to urgently restore the

ability of the border agencies (namely Australian Border Force and the Department of Agriculture, Fisheries and Forestry) to clear passengers into Australian ports as they did before Covid.

RECOMMENDATION 11:

AFTA supports the CLIA Australasia submission on the need for increased resources for the MTPC.

THRIVE 2030 Priority 6: Build markets and attract visitors

6.1 Critical importance of two-way travel

Australia's travel industry remains significantly impacted by government policies responding to the threat of COVID-19. While many parts of the Australian economy have adapted to 'COVID normal', the travel industry remains significantly impaired due to a two-speed recovery, in which outbound travel has rebounded while inbound travel has lagged.

Promoting strong two-way travel is essential to the tourism, hospitality and travel sectors' economic recovery. It is a commercial reality of aviation that route viability is determined on both the export and import of tourism and travel services; outbound travel by Australians underpins the ability of an airline to maintain air and sea services to Australia that support our domestic tourism industry. In other words, outbound flights from Australia require appropriately loaded inbound flights to ensure it makes business sense for operators and that all travellers have access to competitive fares. In turn, this impacts Australia's competitiveness in the market for global tourism.

Australians travelling overseas also, directly or implicitly, promote Australia as a travel destination to those with whom they interact. The current volatile environment for international travel makes it more important than ever to strategically target specific markets that would support mutual demand for travel. Outbound travel diplomacy also provides an opportunity for Australia to consolidate its role in the Asia-Pacific region and create mutual benefits with our neighbours through increased tourism in the region that will grow and improve development outcomes.

The past approach by all governments has underemphasized the role of the outbound market in the nation's tourism policy and AFTA strongly believes this should be rectified, particularly as Australia looks to recover inbound tourism.

RECOMMENDATION 12:

AFTA calls on the Government to appropriately recognise the critical importance of outbound travel and undertake stronger engagement with the travel sector to ensure that outbound travel is leveraged to the mutual benefit of inbound travel.

6.2 Barriers to growth in the visitor economy

The travel and tourism sector is a diverse and complex ecosystem, making it problematic for Government budget appropriation and even recognition within the economic debate. There are numerous sub-sectors participating wholly or partially in the visitor economy, including accommodation, transport and aviation, culture arts and recreation, tourism services, education and training, business events, food services and retail. It is estimated that there are over 300,000 businesses in the visitor economy,⁸ accounting for about 1-in-8 of Australia's 2.4 million businesses.⁹

The key barriers to growth in the visitor economy include:

- a limited Australian workforce and a reliance on skilled migrant workers and temporary visitors;
- inadequate infrastructure to meet demand;
- changing composition of international visitors;

⁸ *Tourism Research Australia, Tourism businesses in Australia: June 2015 to 2020, 2021.*

⁹ *TRA analysis.*

- the ability of tourism businesses to adapt to new technologies and meet consumer expectations;
- increased consumer focus on climate change and environmental sustainability;
- increased international competition, particularly in relation to hosting large events and airline routes;
- accessibility options for customers (linguistically diverse, disabled, families, and the aged); and
- social licence challenges in local communities.

Improving Australia’s visitor economy relies on reimagining the tourism sector as it was previously understood. It involves addressing pre-existing challenges, opportunities, structural trends and traveller expectations to remain competitive in the space.

RECOMMENDATION 13:

AFTA supports a holistic review of the visitor economy ecosystem to ensure a strong and sustainable recovery.

6.3 Engaging consumers through the climate transition

The travel industry must play an active role in helping to achieve the Australian Government’s net zero emissions target by 2050. A key element of this transition will be the decarbonisation of both aviation and cruise travel. This is a growing concern among consumers who are mindful of their carbon footprint.

There currently is no strategy or government position that provides businesses or consumers with clarity on which portions of the aviation supply chain are responsible for the emissions created through travel, or the policy mechanisms that will be used to support the transition in these industries.

AFTA considers that any measures to address emissions in the travel supply chain must be supported in a way that prevents the customer from being burdened with additional costs. This includes the implementation of sustainable aviation and maritime fuel policies that set realistic and gradual targets for sustainable fuel mandates and ensure sufficient supply across Australia to ensure consistency in airline and cruise line fare pricing. AFTA also considers that the Australian Government should take a leading role in establishing a global system that promotes the use of sustainable aviation and maritime fuel policies to ensure an international-level playing field that prevents carbon leakage.

RECOMMENDATION 14:

AFTA considers that a holistic analysis and pathway for the travel sector is critical for all participants in this sector for the next 30 years as the industry decarbonises.

6.4 Utilizing ATAS travel businesses to enhance domestic tourism marketing

AFTA urges all governments to maintain a strong focus on domestic tourism, to encourage people to explore the almost endless number of amazing destinations across our country.

ATAS-accredited travel businesses comply with a set of strict criteria, modelled on the ACCC’s voluntary code of conduct benchmark. All ATAS businesses undergo yearly financial analysis to ensure they are compliant with the Code of Conduct and ATAS Charter. Importantly, in instances where a consumer complaint may occur, consumers are able to access a free mediation program. This program is chaired by a previous CEO of the ACCC and both industry and consumer are provided equal weighting in determining if there has been a breach of the code or charter.

The entire network of ATAS accredited travel businesses are fully compliant with Australian taxation legislation and Australian Consumer Law, include regionally based small businesses, large corporate geographically dispersed locations and online travel agents.

ATAS-accredited travel businesses strongly believe in a thriving domestic tourism industry and are committed to advocating for the benefits of travelling domestically to both businesses and travelers.

RECOMMENDATION 15:

AFTA recommends that the ongoing campaigns by government include Australian-based travel businesses for distribution arrangements and to be cautious of including non-Australian overseas companies to distribute holiday content to Australians looking to holiday in Australia.

The ATAS network of travel agents (retail, online homebased), tour operators and wholesalers include regionally based small businesses, large corporate geographically dispersed locations and online travel agents – all Australian companies fully compliant with Australian taxation legislation and the Australian Consumer Law.

6.5 Understanding the importance of the Corporate Travel Management Companies

In Australia and New Zealand, business travel is an integral part of their operations. As of December 2022, the total spend by Australian businesses on business travel was \$20.6 billion, of which half was purchased through Travel Management Companies (TMCs). Critically, domestic business travel is the only category of travel below pre-pandemic levels.

Business travel provides the foundation for economic growth, attracting investment and activating cities. This is because business travel often involves attending conferences, meetings, and other business-related events. These activities help to promote knowledge sharing, innovation, and collaboration across different industries as well as highlight the economic and social strengths of a community.

ATAS accredited TMCs currently manage over \$10 billion in corporate travel annually on behalf of Australian businesses. TMCs work with businesses of all sizes to manage travel arrangements for their employees, from booking flights and hotels to arranging ground transportation and providing 24/7 support.

TMCs typically offer a range of services, including:

- **Travel policy development:** TMCs can work with organisations to create or refine travel policies that help control costs, increase efficiency, and ensure employee safety and comfort.
- **Travel booking and management:** TMCs handle all aspects of travel booking, including flights, hotels, car rentals, and other travel arrangements. They use specialized software and tools to manage travel itineraries, track expenses, and ensure compliance with company policies.
- **Travel risk management:** TMCs can provide guidance on travel risks, including health and safety concerns, political instability, and natural disasters. They can also help organizations implement emergency response plans and communicate with employees during crises.
- **Reporting and analysis:** TMCs provide detailed reporting and analysis on travel expenses, trends, and patterns. This information can be used to identify cost-saving opportunities and improve travel policies and procedures.

These services provide simplicity to a highly complex supply chain. While these services are highly valued and sought after by businesses, historic and existing government policies and expenditure is focused on the leisure tourism segment. Outside of business events, government promotional

activity has had limited impact on the demand for business travel. therefore understanding the complexity and importance of corporate travel has not been a priority for government.

However, with business travel now the laggard of the overall recovery, there is now a need for further research into the barriers to recovery and its impact on our cities. There is a clear need for the further research to identify the drivers of business travel, its reliance and its importance of cities to ensure the positive social contributions can be maximised.

RECOMMENDATION 16:

The role of TMC's must be acknowledged in government tourism strategies and the role of business travel in creating liveable cities.