

COVID-19 the present and the future

Travel Daily Reader
Survey Results

Prepared By:
Peak Corporate Solutions
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01 JobKeeper is key



In response to an unprecedented shutdown of the travel industry, Travel Daily asked readers to participate in a survey to identify how the industry had responded to the crisis.

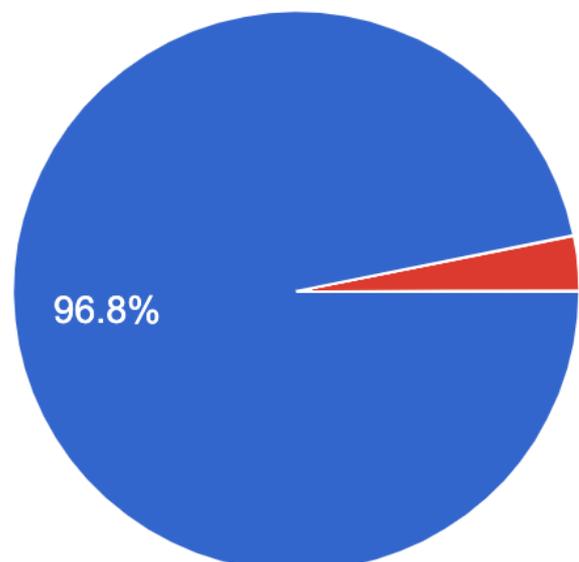
The short survey looked not only at what respondents had done to date to keep their businesses afloat, but also what plans they had for the future

The survey attracted 375 responses, with approximately 80% identifying as being members of AFTA

97% OF RESPONDENTS WILL HAVE TO MAKE SIGNIFICANT CHANGES TO THE WAY THEIR BUSINESS OPERATES IF THE JOBKEEPER WAGE SUBSIDY ENDS WITHOUT SOME OTHER FORM OF GOVERNMENT SUPPORT

Of the almost 97% of businesses identifying a need to make significant changes if JobKeeper ended without being replaced by some other government support:

- Over 66% noted they would have to reduce employee numbers
- Almost 55% would have to change structure
- 34% would have to change premises
- Almost 27% will have to change services



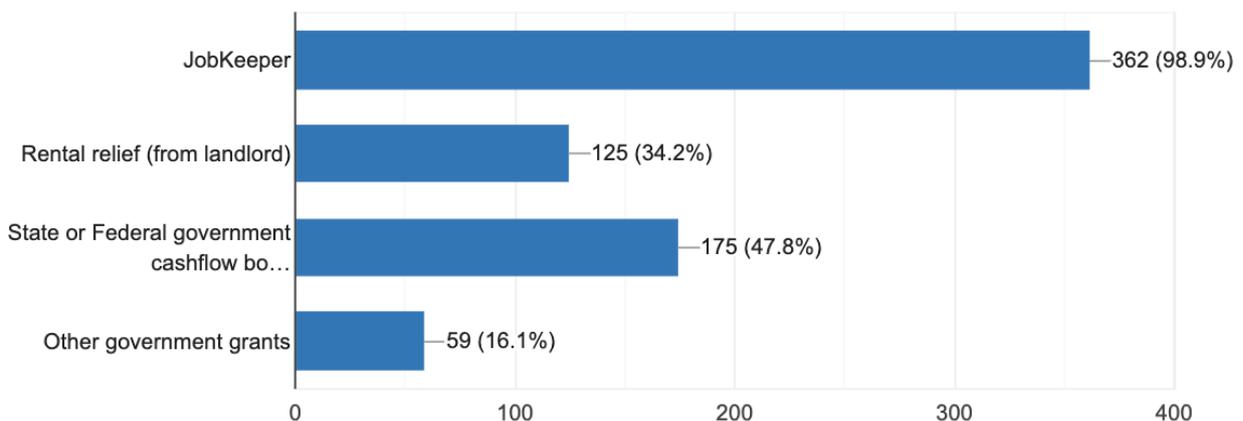
17% of respondents commented that if the JobKeeper program was removed and not replaced with anything that would most likely have to close their businesses and/or leave the industry.

Almost 99% of respondents noted they had accessed the JobKeeper program, which was clearly the most accessible form of support for the industry over cashflow boosts, rental relief and other government grants.

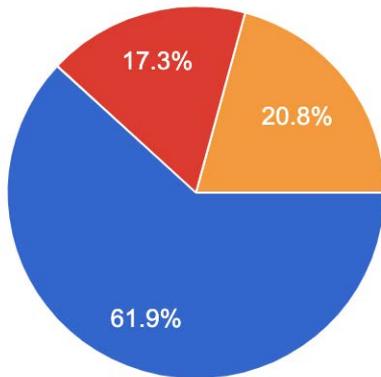
In comparison, only 34% had accessed rental relief from their landlord, under 50% had accessed cashflow boosts from Federal or state governments and only 16% had accessed other government grants.

Given people and rent are often the two largest fixed expenses of travel agents, it came as a surprise that a greater number had not sought rental relief from landlords.

17% OF TRAVEL AGENT BUSINESSES WILL CONSIDER CLOSING OR LEAVING THE INDUSTRY IF THE JOBKEEPER PROGRAM IS REMOVED WITHOUT REPLACEMENT SUPPORT



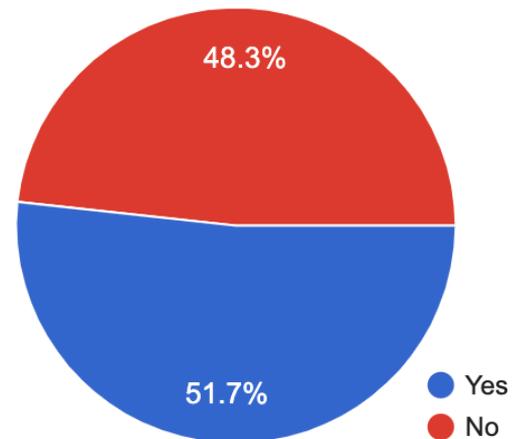
AFTA's role 02



62% of respondents were aware of what AFTA was doing to support the industry

- Yes
- No
- Unsure

However, only about half thought it was enough



- Yes
- No

A significant number of respondents in comments noted they thought a more public campaign was needed to support travel agents.

This included educating the public on the refund processing practices of major airlines (which are mainly overseas) and more positive promotion of use of travel agents in the media.

It was particularly important to respondents that AFTA retained a strong presence lobbying the government for ongoing support.

Many respondents noted they felt AFTA wasn't visible enough and they were not clear on the effectiveness of lobbying efforts to secure additional support.

"I want to see AFTA in the media fighting for our industry"

03

Future planning

One of the more concerning insights from the survey was that 28% of respondents had not done any planning for alternative scenarios post JobKeeper. This further highlighted the almost complete reliance of the industry on the JobKeeper Wage Subsidy program.

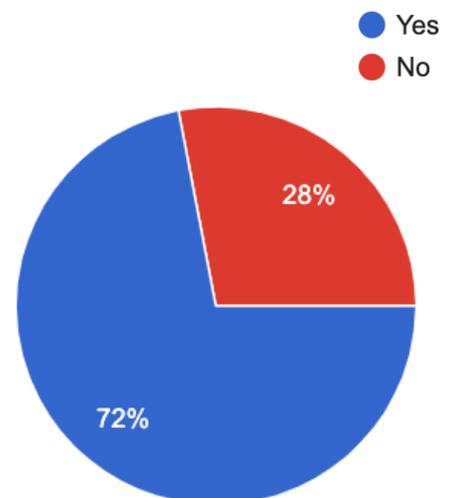
Of the 72% that had undertaken some planning

- 64% were banking on a continuation of the JobKeeper program
- 47% planned for a raising of lockdowns/travel restrictions
- Just over 28% had planned for ongoing rental relief
- 26% were planning for some other ongoing government support

Interestingly, 47% had planned for no ongoing government support and our view is that travel agents that had not incorporated this into their planning were risking being left without options over the coming months.

Less than 1% of respondents commented that they were going to have look for alternative employment. Our view is that many more need to consider this option if they are unable to effectively put in place a plan that allows their business to operate in the new world post COVID-19.

OVER 25% OF RESPONDENTS HAD NOT DONE ANY PLANNING FOR LIFE POST JOBKEEPER



A reality check

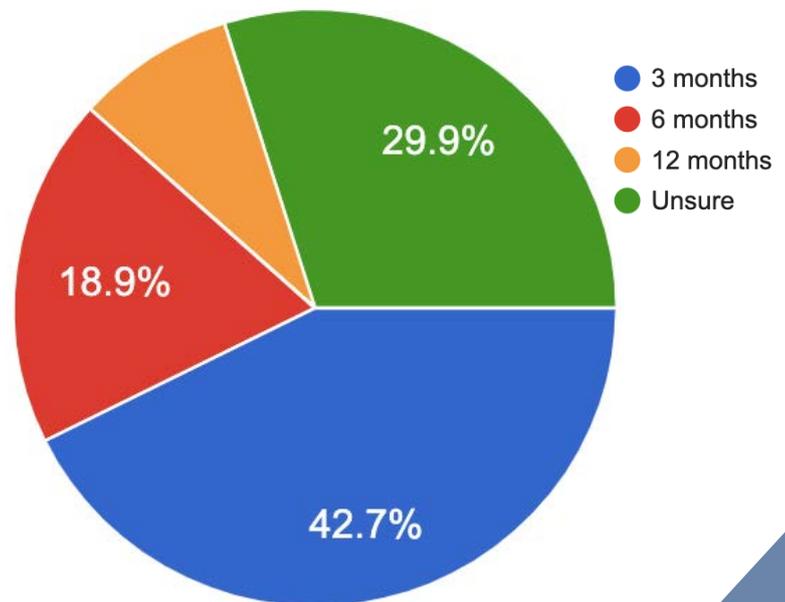
04

The most sobering statistic coming from the survey related to the length of time survey respondents could operate without government support if international travel restrictions continued to apply.

42.7% noted they could remain operating for 3 months, almost 30% were unsure and just under 20% noted that they would be able to operate for 6 months.

Only 8.5% of respondents noted they would be able to operate for 12 months under travel restrictions with no government support.

LESS THAN 10% OF SURVEY RESPONDENTS EXPECT TO BE IN BUSINESS IN 12 MONTHS IF TRAVEL RESTRICTIONS REMAIN AND THERE IS NO ONGOING GOVERNMENT SUPPORT



05 Final observations

It is clear that the travel industry has been dealt a terrible blow by the COVID-19 pandemic and the resultant government action both locally and internationally to suppress the spread of the virus.

What is not clear is how effectively the industry has been able to advocate for itself, and how well participants within the industry have been able to prepare for an uncertain future.

The heavy reliance on the JobKeeper program both currently and into the future is not a plan for the future, but it is an opportunity to gain some breathing space. As noted earlier in this report, people and rent are often the two largest fixed costs of travel agents, all companies should be planning to effectively manage their exposure to these fixed costs while not compromising their ability to operate on the other side of the crisis.

This situation is brought into sharp relief with less than 30% of survey respondents indicating they could operate for 6 months or more without support. For those who cannot see a way through without JobKeeper, they must come up with an alternative plan, or plan for an orderly exit.

JOBKEEPER IS NOT A SOLUTION - IT JUST GIVES SOME BREATHING SPACE FOR PLANNING

About the author



As the founding director of Peak Corporate Solutions, an Employer Branding and HR Advisory Practice based in Sydney Australia, Malcolm brings over 20 years' expertise in connecting the experiences of people in organisations to commercial outcomes.

His background allows Malcolm to take a very pragmatic advisory approach to his engagements, while also being able to dig-in and partner with organisations to deliver solutions that work at the grassroots level.

He has worked with some of Australia's most recognised companies supporting leadership and management teams across change management, leader development, strategy alignment, succession planning, employee value proposition development, career development, and organisation transition. His clients span Federal and State Government, ASX-listed entities and small to medium private companies.

He has also partnered with the leadership teams of small and medium businesses to align their growth goals and help them build successful businesses, optimise technology, and embed sales capability.

Prior to founding Peak Corporate Solutions, Malcolm held senior consulting and line management roles with Willis Towers Watson, SHL, ManpowerGroup and most recently Randstad where he was the National Director of the HR Consulting Practice.

More information can be found on Malcolm's LinkedIn profile at [linkedin.com/in/malcolmpeak](https://www.linkedin.com/in/malcolmpeak)