

## **Irish Travel Agents Association**

### **Presentation to Joint Oireachtas Committee on Transport and Communications Networks**

**Tuesday, 9<sup>th</sup> February 2021**

Things were bad when we spoke to you in October. They have got worse, much worse.

There was no re-opening date for travel back then, we assumed it would resume in Q2 2021. That has now been pushed out to Q1 2022 with the prospect of no international travel at all in 2021.

The Taoiseach on Prime-Time last Thursday said, and I quote “ .. Travel has collapsed by the way, travel has totally collapsed, some of these measures are a deterrent to travel and will have an impact.”

The CMO on February 1<sup>st</sup> at the daily NPHET briefing said and I quote “..It is not realistic to expect people can fly to Europe or other destinations for summer holidays and the only beach they are likely to travel to is their local one.”

We now have the new €500 fine for anyone travelling for non-essential reasons. There is clearly no doubt that travel agents cannot trade.

We, as an industry, are responsible and customer focussed. We have always and will continue to follow public health guidelines. However, if NPHET and the Government want to close down International Travel for a year they need to put in place the appropriate level of supports if they want to have an Irish travel industry when International Travel can safely resume. We are a unique sector; we have had to remain open to clients to facilitate refunds with practically zero income for almost two years. The travel sector needs a bespoke response, a specific support as a consequence of being closed on public health grounds linked to international travel.

Let me summarise supports currently in place.

The Travel Industry is getting the wage subsidy, the **EWSS**, the same as other sectors. EWSS is available when turnover is at least 30% down. We are over 90% down and for 2021 could be 100% down. The maximum EWSS payment in a full year is €18,200. Whilst not for one minute being ungrateful about the wage subsidy, how many people do you know earn €18,200 in a full year? There is no visibility on wage supports after 31st March.

Most of the Travel Industry is getting the COVID restriction support scheme **CRSS**. This is as you know is designed to assist with non-payroll costs. To qualify a business must be 75% down on turnover compared to 2019 and it applies from Level 3 and above. The travel industry has been told it only applies to them at Levels 4 and 5. This is an advanced tax credit; it is not a grant. The maximum threshold of €5,000 per week seems reasonable provided your turnover is €4m per year or less but for any travel companies above that level the support simply does not cover non payroll costs to any material extent. This is a retail focussed assistance and does not cover all Irish licenced travel companies. CRSS doesn't support a downturn in business and is directly linked to the levels in the COVID framework but clearly travel agents are prevented from trading, irrespective of the levels and have been since March 2020.

The Government introduced the **Refund Credit Note (RCN)** scheme in summer 2020. This is a cash flow mechanism to assist with delayed supplier refunds. We need to be clear that the Refund Credit Notes are not a grant, not a subsidy, not a support it is pure cashflow mechanism introduced with a 9-month delay on the assumption that the industry would be back trading. Clearly this is not the case and we need a solution to this issue similar to the approaches adopted with EU approval in Denmark, the Netherlands, Portugal, Bulgaria and others.

That brings us to the issue of **airlines refunds** or the lack thereof. When we last spoke to the Committee in October, we outlined the potential reason for the delay on the part of one particular airline being down to a conflict over two EU directives that impact the travel industry. This has turned out to be the case and we can explain in more detail in our Q&A session. The fact is that a significant number of refunds to customers for cancelled flights are outstanding.

Given the current talk of no International Travel for 2021, we need to discuss the issue of consumer protection and refunds when flights operate contrary to Government advice on travel, this is known as “**ghost flights**” and the ultimate loser is the consumer.

You may also recall that the ITAA called for **pre-departure airport testing** when we addressed this Committee back in October 2020. The Aviation Recovery taskforce, the airports and airlines also called for pre-departure airport testing. What ensued was a debate with the medics over which test should be used and none was introduced. Subsequently we are dealing with the issue of variants of COVID that arrived into Ireland in late 2020, was pre-departure airport testing a missed opportunity?

Finally, when we addressed the Committee back in October, there was no talk of **vaccines**. The state is spending €1billion a week in supports and related costs and we’re being told there is a vaccine supply issue. There doesn’t appear to be a supply issue with some countries and given this is a life-saving opportunity it does appear that we are lagging well behind in getting the vaccine into the arms of our citizens.

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