

# COVID-19 Consumer Travel Support Program

## Round Two - Proposed principles and approach

9 April 2021

### Summary

On 11 March 2021, the Australian Government announced \$130 million for Round Two of the COVID-19 Consumer Travel Support Program (the Program). This will provide further assistance to qualifying travel agents, inbound tour operators and tour wholesalers (tour arrangement service providers, consistent with ANZSIC code 7220) who continue to service their customers, including providing refunds and holding travel credits for Australian consumers. This funding is in addition to the \$128 million provided under Round One, taking total funding under this scheme to \$258 million.

The Government has been working with industry associations, including the Australian Federation of Travel Agents, the Australian Tourism Export Council, and the Council of Australian Tourism Operators on improving Round Two to ensure it is effective and efficient. This will help the sector to continue to process refunds for consumers and assist the financial sustainability of the sector while international borders remain closed.

To provide businesses with certainty, this factsheet outlines the principles to be applied to grants to be made from Round Two, including eligibility criteria and payment tiers. A glossary of terms used in this document is also included. These principles and approach are subject to finalisation.

### Proposed Eligibility for Round Two

#### General

A business will be eligible for a grant under Round Two of the Program, if it meets the following requirements:

- The business has been operating a business as either a travel agent or inbound tour operator, and tour wholesaler (tour arrangement service provider, consistent with ANZSIC code 7220), prior to the announcement of the closure of international borders by the Prime Minister on 19 March 2020, and is continuing to operate that business; and
- Had a turnover of between \$50,000 and \$20 million (which can equate to a Total Transaction Value (TTV) of between \$500,000 and \$200 million) for the 2019 calendar year; and
- Was in receipt of the extension of the JobKeeper payment from 28 September 2020 to 28 March 2021.

#### Specific

Under Round Two, travel agents and tour operators as defined above who were eligible and received a payment under Round One may be entitled to a second payment of between \$7,500 and \$100,000 under Round Two, subject to them meeting key eligibility criteria which will be detailed in the Program Guidelines.

It is proposed that to be eligible, a business must:

- Have qualified and received a payment under Round One of the Program;
- Sign a declaration that your business is solvent as at the opening date of Round Two of the program, that you intend to continue to operate your business throughout the June quarter 2021, and make best endeavours to retain your staff; and
- Commit to continue to trade and to meet your businesses obligations including to process refunds and travel credits to Australian consumers and to continue to provide services to your customers.

The following proposed additional verification requirements will apply to the following applicants:

- **Applicants whose appeals are upheld under Round One of the program** (including those with TTV greater than \$20m but turnover less than \$20 million) will be eligible for Round Two. The turnover used to determine the Round One payment will be the basis of any Round Two payment.
- Eligible applicants who recorded and were assessed on a turnover of \$500,000 **or more under Round One** will be subject to an additional assessment by the Australian Trade and Investment Commission (Austrade). Those found to have received a payment based on TTV in Round One that was greater than they would otherwise have received if the payments for Round One and Two were calculated on turnover, will not be eligible for a Round Two payment.

Consideration is also being given to the circumstances of mid-sized agents who operate multiple outlets under a single ABN.

As with Round One of the Program, it is proposed the Program Guidelines for Round Two will include a provision for the consideration of applications in exceptional circumstances.

## Proposed payment tiers

For Round Two, "one-off" grant payments will be based on turnover figures that have been entered into the G1 line of Business Activity Statements for the 2019 calendar year. This is the same approach that was used for Round One (also taking into account payments made following successful claims for review).

Government and industry have considered numerous options to use as a basis for calculating grant payments. Most options are complex, and vary on delivery timeframes and integrity levels. Using the same approach for Round Two as was used for Round One will provide a verified data point to calculate grant payments, and ensure quick payment to businesses. Further verification activities will ensure a more equitable outcome compared to Round One.

The following methodology is proposed to calculate the grant amount based on the figures provided in the G1 line:

| Turnover in calendar year 2019 is between |              | Grant amount |
|---|--------------|--------------|
| \$50,000                                  | \$99,999     | \$7,500      |
| \$100,000                                 | \$199,999    | \$15,000     |
| \$200,000                                 | \$299,999    | \$25,000     |
| \$300,000                                 | \$399,999    | \$37,500     |
| \$400,000                                 | \$499,999    | \$45,000     |
| \$500,000                                 | \$999,999    | \$50,000     |
| \$1,000,000                               | \$1,999,999  | \$62,500     |
| \$2,000,000                               | \$2,999,999  | \$75,000     |
| \$3,000,000                               | \$20,000,000 | \$100,000    |

It is clear that businesses that may be eligible for a payment may have different company structures and report differently on the G1 line (e.g. total commission, TTV or gross revenue – **Attachment A** refers). For example, industry groups have advised Austrade that indicative TTV for these turnover amounts (based on an average total revenue margin of 10%) could be:

- A TTV of \$15 million could equate to a turnover of \$1.5 million.

| TTV amount in calendar year 2019 could be between |               |
|---|---------------|
| \$500,000   | \$999,999     |
| \$1,000,000                                       | \$1,999,999   |
| \$2,000,000                                       | \$2,999,999   |
| \$3,000,000                                       | \$3,999,999   |
| \$4,000,000                                       | \$4,999,999   |
| \$5,000,000                                       | \$9,999,999   |
| \$10,000,000                                      | \$19,999,999  |
| \$20,000,000                                      | \$29,999,999  |
| \$30,000,000                                      | \$199,999,999 |

At the end of Round Two, consideration will be given to distributing any leftover monies to eligible businesses.

Grant payments for Round Two will be processed and administered by Services Australia through the Business Hub.

## Timing

Round Two is expected to open in April 2021 and run until June 2021.

## More information

Please refer to the COVID-19 Consumer Travel Support Program Guidelines Round One and Round Two (available shortly) for the full (and final) eligibility criteria.

**Questions relating to the application system for Round One** should be directed to Services Australia by phone on 1800 560 774.

**Questions relating to Round Two** should be directed to Austrade's Tourism Recovery team via [tourism@austrade.gov.au](mailto:tourism@austrade.gov.au).

**Need to report a scam/phishing attack?** Please contact the Services Australia Scams and Identity Theft Helpdesk by phone on 1800 941 126 or email [reportascam@servicesaustralia.gov.au](mailto:reportascam@servicesaustralia.gov.au)

More information, including eligibility and how to apply is available from [Services Australia](#).

## Attachment A - Glossary of Terms

| Term  | Definition   |
|---|--|
| <b>Applicant</b>  | The party who is proposed to receive the grant. Prima facie this is the company or other entity (eg: trust, sole trader) that carries on the relevant business of a travel agent in Australia and the business must have been majority Australian owned as at 19 <sup>th</sup> March, 2020 and remain majority Australian owned as at 31 <sup>st</sup> March, 2021.  |
| <b>Round One Assessed Turnover</b>  | The turnover amount a grant payment was calculated on for Round One of the Program.  |
| <b>Turnover</b>   | Turnover is total business income (not profit and not transaction values), minus any: <ul style="list-style-type: none"> <li>a) GST included in sales to your customers;</li> <li>b) sales that are not for payment and are not taxable;</li> <li>c) sales not connected with an enterprise that is part of your business;</li> <li>d) input-taxed sales you make;</li> <li>e) sales not connected with Australia.</li> </ul>  |
| <b>Tour arrangement service provider, commonly known as a tour operator (inbound and outbound) or travel wholesaler</b> | An entity, that predominately operates a business of: <ul style="list-style-type: none"> <li>a) developing and selling travel packages via travel agents or directly to consumers on behalf of third parties, and</li> <li>b) coordinating the booking reservations, confirmation and payments for travel packages either via travel agents or directly with consumers on behalf of third parties.</li> </ul> <p>For clarity: a Tour Arrangement Service Provider does not include a person or entity who operates the day-to-day running of a tour or tourism activity (such as a tour guide). A person is also not a Tour Arrangement Service Provider and is not taken to carry on a business of a Tour Arrangement Service Provider, only because the person is entitled to a share, as a shareholder, in the income of the business of a Tour Arrangement Service Provider that is a corporation.</p> |
| <b>Travel Agent</b>   | An entity that, on a commission and intermediary basis, predominantly operates a business of: <ul style="list-style-type: none"> <li>a) selling travel products on behalf of third-party vendors (eg: airlines, cruise companies, accommodation providers, hire car companies); and</li> <li>b) coordinating the booking reservations, confirmations and payments for travel products on behalf of third parties for customers;</li> </ul> <p>A travel agent includes, but is not limited to those working in retail, mobile, corporate and online travel distribution businesses.</p> <p>For clarity, a person is not a travel agent, and is not taken to carry on the business of a travel agent, only because the person is entitled to share, as a shareholder, in the income of the business of a travel agent that is a corporation</p>  |
| <b>Travel package</b>   | Refers to the prearranged provision of a combination of activities, goods or services for one or more persons that includes at least two travel products (not including travel insurance). For the purposes of the travel package definition only, travel products may also include: <ul style="list-style-type: none"> <li>a) meals;</li> <li>b) tourism activities;</li> <li>c) translation and interpretation services;</li> <li>d) visiting, or introductions to, retailers at a travel destination; and</li> <li>e) visiting tourist attractions at a travel destination.</li> </ul>  |
| <b>Total Transaction Value (TTV)</b>  | TTV is the value of all air tickets, cruise fares, accommodation, car hire, tours and other related travel services booked by the agent. Similar to a real estate agent, this does not represent the income of the business that provides the services. It is also not taxable income for business purposes.   |