

MEDIA RELEASE

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Top Australian leaders forecast a strong travel and economic bounceback in early 2022 at the Illuminate conference

Alan Joyce, Jayne Hrdlicka and Bill Evans give an optimistic outlook for the business sector at the Flight Centre Illuminate conference

Anticipating a strong return to business travel with the theme 'Time to Fly', this year's Illuminate conference attracted some of Australia's top business leaders and nearly 1400 business guests, who shared the view of a promising economic and travel recovery in 2022.

Hosted by Flight Centre Travel Group (FCTG) corporate brands FCM, Corporate Traveller, Flight Centre Business Travel and Stage and Screen, this year's virtual event featured insights from Qantas CEO Alan Joyce, Virgin Australia CEO and Managing Director Jayne Hrdlicka, Westpac Chief Economist Bill Evans, Impossible Institute CEO and specialist in human behaviour Dan Gregory, swimming gold medallist Cate Campbell OAM, and Flight Centre CEO Graham 'Skroo' Turner – as well as panel discussions with ANZ and Accor Hotels.



Alan Joyce gave a promising outlook for Australia's travel recovery now that most states are learning to live with COVID and there are domestic and international reopening plans, apart from WA which Mr Joyce said the airline was planning for it to reopen its borders in February.

NSW scrapping hotel quarantine was needed to get businesses travelling again, Mr Joyce said. He anticipates Qantas will return to 100 per cent of pre-COVID domestic travel by early 2022. Specifically, flights between Sydney and Melbourne will return to Qantas's pre-COVID schedule of 55 flights per day by February 2022. "We will progressively, from the first week in November, go back to nearly 15 flights a day and by Christmas get back to closer to 30-40 flights per day. In February, when business comes back, we will be close to the pre-COVID schedule."

Mr Joyce forecasts a positive return to international travel for Australia, and he is planning for almost all Qantas aircraft to be in the air by July 2022. Transatlantic travel is opening, travel in Europe is at 70 per cent of pre-COVID levels, and domestic travel in the US is back bigger than pre-COVID levels.

Qantas is seeing high levels of consumer confidence in relation to travel, with more than 2.5 billion Frequent Flyer points redeemed since the start of this month.

Mr Joyce reassured businesses that, as we open, travel will be a very similar experience to pre-COVID, with the only difference being the retention of some of the protections that are currently in place such as masks, social distancing, and hand sanitiser.

Bill Evans shared his growth outlook for the next 12 months. His analysis of credit card data revealed that spending in NSW and Victoria has started to pick up. The recovery of these two states will help Australia start to see a turnaround in GDP this December quarter. However, the real momentum will

build from the first half of 2022 and through the year as Australia reopens. Mr Evans said the growth will be driven mostly by household spending, which have accumulated savings, opening the possibility to spend at a much faster pace than income growth.

Mr Evans revealed that a turnaround in credit card activity among airlines and travel agents has commenced and will mostly be forward bookings. Credit card transactions for car rentals and hotels, however, are yet to begin rebounding.



He predicts that Australia will look very good internationally in 2022 after its vaccination program reaches very high levels, just as we were world leaders in our containment of the virus in 2020. This “will stand us in good stead to ensure no more snap lockdowns and much more freedom of movement around the country,” he said.

Mr Evans shared a unique forecast about interest rates: the RBA will raise the cash rate in the first quarter of 2023 and continue raising it to 1.25 per cent by the end of 2024. This is largely due to an expected fall in the unemployment rate of 3.8 per cent by the end of 2022, and it will see house prices fall in 2023. Rising employment and wages will drive healthy income growth.

He is optimistic about the Aussie dollar: “The Australian dollar is already at \$0.74, and we are expecting at least \$0.75 by the end of this year, and \$0.78 in 2022 and \$0.80 by the end of 2023. By the time we get to the end of next year, the RBA will have achieved its objective of 2.5 per cent inflation, full employment, and wages growth getting up to around three per cent.”

Mr Evans says all these factors combined will drive spending in the travel sector.



Dan Gregory shared illuminating insights into the critical role face-to-face communication plays in business. He highlighted the three key behavioural areas that face-to-face communications supports in helping businesses operate successful: trust, culture, and engagement. He said: “Face-to-face meetings are critical to building trust, as most communication is behavioural or non-verbal. We make non-verbal assessments of others, particularly when meeting for the first time, and it’s those silent cues that are vital to build a rapport, trust and ultimately make a sale.”

Mr Gregory said a return to face-to-face communication will strengthen organisational culture, as it has been a critical component in building connections and a sense of community for centuries. “Pre-pandemic, teams could have organic, incidental conversations and collaborate easily. The lack of physical communication and organic conversations has impacted company culture, for both existing teams and new hires that would have struggled to form connections due to isolation.”

Mr Gregory explained that engagement was a key problem that many organisations, particularly large ones, faced even pre-pandemic and was exacerbated during the pandemic. “Disengagement from work is a growing issue and unfortunately isolation and remote working during the pandemic has led to what has now been coined as The Great Resignation and organisations globally are risking losing vital employees. People are now taking the time to re-evaluate their values and consider what is most important to them, leaving the workplaces they believe no longer align with those values.”

When Australia opens, Mr Gregory believes companies will have an opportunity to increase engagement by focussing on reconnecting with their employees in a real way. “The more you create

face-to-face connections, the more you re-establish trust and this creates engagement as you're connecting with people in the real world."

Jayne Hrdlicka reflected on her first year as the head of the airline, exploring the company's ability to become agile and adaptable based on ever-changing circumstances. "When borders have opened, we've taken the opportunity to fly and allow Australians to reconnect with colleagues and customers. We added 12 new routes in markets that remained open for much of the pandemic, including WA, Tasmania and the Northern Territory."



As the country reopens and transitions into a new normal of living with COVID, Virgin will continue to maintain its agility and flexibility. "While we will move back to seasonal planning at a macro level, we will continue to move schedules around and stay fast on our feet as we see demand build up at a micro level. Our strong Sydney-Melbourne and Brisbane-Melbourne-Sydney schedules will remain, while we'll also consider where demand has shifted. Now that people are used to working differently, I predict a larger demand pool for adding leisure to corporate travel."

Ms Hrdlicka also said the company is ramping up its travel offerings to businesses and consumers in the lead up to Christmas, both domestic and international. "Promisingly, we've accelerated our thinking regarding international travel. We plan to resume flights to Fiji from mid-December, with the possibility to add Bali to the mix." Ms Hrdlicka sees travel to New Zealand on the horizon soon, while Virgin will consider broader, long haul international travel in the coming months.



Charlene Leiss, President of FCTG, The Americas, shared insights on the return to travel in the US, where nearly all aspects of life are back to normal, including schools, road traffic, events such as the Boston Marathon, domestic travel, and an increasing proportion of people are back at workplaces.

She said: "In the US, domestic travel is back to normal except for mask-wearing. Airports are busy, flights are full, and airlines are upping their capacity across all routes. There are more restrictions and complexities in international travel, but that is also starting to pick up."

Ms Leiss says the pro-active focusses that will most help businesses resume travelling is great communication with their teams and a framework for returning to travel. Being armed with knowledge about restrictions, accessing the latest updates and receiving support will also be important – that is why an increasing number of US businesses need a travel management company more than ever to navigate travel complexities.

Graham 'Skroo' Turner shared Flight Centre's journey through the pandemic in a discussion with Corporate Traveller General Manager and Illuminate MC Tom Walley. Flight Centre focused on keeping as many people on as possible and protecting the key assets it couldn't afford to lose, particularly the team members who always deal with customers and suppliers.

During the last 18 months, the company focused on transforming its technology offerings and its systems. Mt Turner forecasted a return to profit globally in six to nine months. He was honest about

the impact the pandemic has had on the travel industry and forecasted it may be two to three years for the industry to return to pre-COVID sales.

Mr Turner shared a positive domestic travel outlook: “As we open up, I am confident we will come out of this stronger than when we went in. We will have a reasonable level of normality in travel by Christmas and I think even Queensland will bring forward their overseas travellers being allowed in without quarantine.”



Mr Turner also forecasted the higher value businesses will place on travel agents after Australian opens, particularly in the next 12-18 months. He also forecasted that automation and duty of care will become more important and is the reason why FCTG made technology a focus in 2020 and 2021.

FCTG asked attendees at Illuminate for their views on travel and travel preparedness. Below are the aggregated responses from 400-500 guests:

Q. Where in the responsible travel journey are you and your organisation at?	% of respondents
We are just starting the process.	45
The plans are being made and the organisation is committed.	37
We have rolled out the plan and the culture shift is underway.	12
We are seeing real results from our Responsible Travel policy.	6

Q. Which of the following international destination do you think Flight Centre is seeing the most enquiry about?	% of respondents
London.	57
Fiji.	30
Hawaii.	7
Los Angeles.	5

Q. Which of these do you think would lead to a stronger economic recovery in 2022?	% of respondents
International borders being open.	41
All domestic borders being open.	59

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For more information or images, please contact:

Emily Brex | 02 9279 3330 | 0432 262 798 | ebrex@theideassuite.com.au