

MINISTERIAL STATEMENT

24 August 2000

Travel Agents

Hon. J. C. SPENCE (Mount Gravatt - ALP) (Minister for Aboriginal and Torres Strait Islander Policy and Minister for Women's Policy and Minister for Fair Trading) (10 a.m.), by leave: An independent consultant's report into the regulation of travel agents has just been completed in line with the National Competition Policy review of the national scheme. The NCP review was commissioned by the Ministerial Council on Consumer Affairs. May I say at the outset that I have reservations about the report and its recommendations, which have not been endorsed by any State or Territory. One of the guiding principles for the NCP review is that legislation should not restrict competition unless there are obvious benefits to the community. This is of particular relevance to Queensland, a State where tourism is one of our most dynamic industries and where there are more than 700 licensed travel agents that fall within the auspices of the Travel Agents Act.

While one of the objectives of the Act is to provide for the regulation of travel agents, my primary objective is to protect consumers who suffer financial loss at the hands of an agent. This is achieved through the Travel Compensation Fund in a unique partnership between Government, industry and consumers. The fund operates on a national basis and in the past 10 years has paid out more than \$22m in claims to consumers. Of that, \$2.6m has been paid out in claims resulting from the collapse of Queensland travel agents.

The compensation scheme operates on a cooperative basis between all States. That is important because it ensures that consumers are protected by the fund, no matter which travel agent they deal with in Australia. Of course, the last thing this Government would want to witness is the collapse of any travel agency. That is why we regulate the industry to minimise the chances of any collapses through incompetence or unconscionable conduct. That is why I have grave concerns about the recommendations contained in the NCP review of travel agents' regulation. It suggests that no regulation or insurance is needed in the long term. However, it recommends, as an intermediate step, that compulsory membership of the fund be dropped so that private insurers can compete with that fund. It would still be mandatory for all agents to carry insurance. The trouble is that the fund exists to compensate consumers in the event of fraud or insolvent trading. I have grave doubts whether private insurers would be prepared to underwrite losses in these circumstances. As well as that, if the national scheme was abandoned, consumers could easily slip through the safety net and be left stranded.

I lay upon the table of the House a report on the NCP review of the national scheme for the regulation of travel agents. It will be available for consultation until the end of October. However, I take this opportunity to assure the travel industry and consumers that I will take a lot of convincing before agreeing with any of these recommendations. We have to embrace some degree of change because of the rapidly changing nature of the travel industry. Honourable members should look no further than the escalating airline price war being waged through Internet bookings directly with airlines. Consumers keen to cash in on cheap fares should be aware that, by booking directly with airlines, they place themselves outside the protective umbrella of the fund.

It will ultimately be a matter for each State to determine how it will address the NCP recommendations. However, I can assure members of this House that the Queensland Government will continue to act in a way that protects the interests of the travel industry and, at the same time, meets the needs of consumers.