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Committee Secretary
Senate Standing Committee on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

IATA Clarifications to Airline Passenger Protections (Pay on Delay) Bill Committee Hearing

Thank you for your prompt response to our e-mail and letter dated 19 March 2025. The International Air Transport Association (IATA) welcomes the opportunity to provide further information to the Committee on IATA's operations and the interplay between airlines, travel agents and the travelling public, which we believe are relevant to the Committee Hearing on the *Airline Passenger Protections (Pay on Delay) Bill*.

IATA plays a crucial role in supporting the aviation sector in shaping industry standards through its robust governance structure that is committed to enhancing operational efficiency and security. Since its foundation, IATA has supported the industry by establishing over 70 years of aviation standards that ensure safe, reliable, and economical air services. These standards are in alignment with the International Civil Aviation Organization (ICAO) to maintain global interoperability and regulatory compliance.

For the benefit of the Committee it is therefore important to clarify the governance framework and process that support the relationship between airlines and travel agents.

Overview of the Passenger Agency Program

One of IATA's responsibilities is management of the Passenger Agency Program, which is a program to encourage and facilitate the orderly promotion, distribution and sale of international air transportation through a network of accredited agents. The Passenger Agency Program establishes criteria for travel agents to become accredited¹ and establishes a standard method for reporting and settlement of the sale of airline tickets by accredited travel agents on behalf of airlines through the Billing and Settlement Plan (BSP).² The program also sets operational and financial standards and provides for dispute resolution mechanisms. IATA accreditation is not to be confused with the Australian Travel Industry Association (ATIA) programme, which is unrelated to IATA. A travel agent does not need IATA accreditation to sell airline tickets on behalf of an airline but must be accredited to participate in the IATA managed BSP. Participation in the BSP is open to IATA member airlines as well as non-IATA member airlines.

IATA notes that the Passenger Agency Program is conducted in compliance with competition laws. Meetings and discussions between IATA member airlines and the travel agent community must comply with the *Provisions for the Conduct of the IATA Traffic Conferences*, IATA Competition Law Guidelines and all applicable competition laws, including the competition laws of Australia. Discussions and/or action in respect of any commercially sensitive topic is strictly prohibited, including (but not limited to) fare or charges and the remuneration levels or commissions of any intermediaries engaged in the sale of passenger air transportation. In particular, IATA wishes to stress that each IATA member airline must independently and individually decide the remuneration to pay a travel agent and IATA has no oversight of travel agent commissions.

¹ www.iata.org/en/services/travel-agency-program/accreditation-travel/

² www.iata.org/en/services/finance/bsp/



IATA also wishes to acknowledge that the Passenger Agency Program is an open, transparent and participative program, which seeks input from IATA member airlines and the travel agent community. It is administered in a neutral, efficient and cost-effective manner, based on industry standards serving the interests of passengers, airlines and agents. Consultation with agents takes place locally and globally via travel agency associations, as further outlined below.

The governance structure of the Passenger Agency Program enables travel agents to actively contribute

IATA believes it would be helpful to the Committee Hearing to clarify the role of IATA in bringing together airlines and travel agents into one global system, known as the Passenger Agency Conference³ (also known as PAConf). PAConf takes action on matters (excluding remuneration levels) relating to the business relationship between airlines and IATA accredited sales agents and other intermediaries. It supervises all policy development as well as decides the rules governing the reporting and settlement of sales of the Passenger Agency Program.⁴

The industry standards governing the Passenger Agency Program and BSP are established by Passenger Agency Conference Resolutions, which are codified in the Passenger Agency Resolutions Manual. The Passenger Agency Conference Resolutions are constantly under review and the subject of on-going dialogue between IATA member airlines and travel agents, including travel agent associations such as the WTAA. Adjustments and improvements are progressively introduced to keep the program relevant to the industry's needs in the marketplace.

All new Resolutions or changes to existing Resolutions must be adopted by unanimous vote of IATA member airlines only at the PAConf. However, proposals are first considered by several sub-groups comprised of both airlines and travel agent representatives, before they are referred to the PAConf for consideration. Any agent may also propose Resolution changes directly to the Passenger Agency Conference. The governance bodies which enable agent and airline consultation on the Passenger Agency Conference at global and local levels, as established by the Resolutions, are further outlined below.

Country Specific Governance - Agency Programme Joint Council (APJC)

The APJC within the IATA Passenger Agency Program serves as a collaborative forum between IATA member airlines and travel agents to review and manage the local implementation of the program in the local jurisdiction. The APJCs are established for local countries or areas and enables joint consultation of the Passenger Agency Program to take place at a local level. In Australia it comprises of an equal number of airline and travel agents that are representative of the industry. ATIA sits on the APJC as observer however is tasked in nominating the APJC travel agency delegates that sits on the committee.

The APJCs assist the PAConf in the performance of its functions by making recommendations on any aspect of the Passenger Agency Program in the country or area concerned, with relevant feedback being considered by the PAConf. The APJC also provides guidance on local market conditions and may propose adjustments to the BSP framework to be considered at the Passenger Agency Conference. It plays a crucial role in ensuring a balanced and efficient governance framework that supports both IATA member airlines and the travel agency community.

IATA believes that it would also be beneficial to clarify to the Committee Hearing how the Passenger Agency Program also allows for locally established criteria (Local Financial Criteria), which are country-specific financial requirements that travel agents must meet to obtain or maintain IATA accreditation. One of the main responsibilities of the APJC is to review and recommend Local Financial Criteria for the respective BSP market(s),

³ www.iata.org/en/about/corporate-structure/paconf/

⁴ <https://www.iata.org/contentassets/8f0753fad6694149903c4673ec97c5c5/paconf-welcomepack.pdf>



i.e. the financial requirements for accreditation applicable to agents in a given market. The APJC may establish a Financial Advisory Group to assist in the development of Local Financial Criteria, which is composed of both IATA member airlines and travel agent members. It is important to note that past changes to the local Australian Financial Criteria, proposed and agreed by the APJC in Australia, faced no objections at the global level in the PAConf and were not 'vetoed' by any single airline, whether a participant in the Australia BSP or not.

The Passenger Agency Programme Joint Council (PAPJGC)

The PAPJGC is another collaborative forum between IATA member airlines and travel agents, including travel industry associations such as the WTAAA, responsible for reviewing the standards and procedures that govern the business relationship between IATA member airlines and accredited travel agents. It comprises representatives from both IATA member airlines and travel agents, ensuring that the program remains fair, transparent and aligned with industry needs.

The PAPJGC provides input on aspects relevant to the airline/agent relationship, recommends improvements to the Passenger Agency Program and reviews the PAConf agenda and provides input. It can also provide proposals for changes to the Passenger Agency Program to be considered at the Passenger Agency Conference.

BSP billings and remittance

Another topic raised before the Committee was the role of IATA in facilitating the distribution of funds between airlines and travel agents. To help the Committee better understand this topic, we provide more details below.

The BSP is a system designed to facilitate and simplify the selling, refunding, reporting and remitting procedures of IATA accredited agents on behalf of BSP airlines. Through the BSP, IATA consolidates the amounts owed by each agent and the amounts due to each airline, enabling the remittance and settlement of those amounts to be made through a single financial transfer for each participant. Both airlines and travel agents are issued with reports that clearly outline all transactions, prior to a remittance from a travel agent to be settled to an airline taking place.

IATA manages the BSP in accordance with the Passenger Agency Conference Resolutions. Where possible, IATA operates standard systems and procedures globally. Participation in the BSP is open to all accredited agents in the market and to IATA member and non-member airlines that operate and/or sell their services in the market/region.

Once accredited, the BSP agent:

- May be appointed to represent a BSP airline in accordance with the provisions of the Resolutions to promote and sell air passenger transportation. This appointment does not include the authorisation for an agent to issue electronic tickets. A separate approval is required from the airline in the form of a ticketing authority.
- The accreditation programme available to agents is also dynamic, providing different options for agents to transact in the BSP. IATA has adopted the Passenger Agency Programme to better suite the evolution of the travel industry globally.
- Is provided access to BSPlink; the main interface for interactions and the exchange of information between BSP participants.
- Is able to receive electronic ticketing authority from BSP Airlines.



Electronic Ticketing Authority allows the agent to issue tickets on behalf of the carrier in question through the Global Distribution Systems (GDS) providers or directly for NDC⁵ should electronic ticketing be enabled by the airline. For each billing period, agents will receive a BSP billing containing all transactions “billed” during the period in question. This billing will contain agent ticket sales and refunds issued and reported on all forms of payment, along with other transactions. The net amount owing to the BSP must be remitted to IATA’s clearing bank and received by the remittance date specified for the period in question.

In the passenger context, accredited travel agents sell air transport on behalf of airlines. Therefore, the monies collected by agents are held in “trust” for airlines. The current IATA Passenger Agency Conference Resolutions establish the frequencies for remittance by agents to airlines via the BSP and any revisions to these Resolutions must follow the Passenger Agency Conference governance framework outlined above. It is important to note that the existing remittance and settlement cycle and reporting period was agreed and endorsed by the APJC in Australia.

In circumstances where passengers book and purchase tickets directly from an airline, any changes or refunds will remain the responsibility of the airline with the passenger directly.

Agency Debit Memos, Post-billing Disputes and Agency Credit Memos

IATA also seeks to provide clarification on the role and utilisation of Agency Debit Memos (ADMs), which have been discussed during the Committee Hearing.

First, to clarify, an ADM is not a “fine”. An ADM is an accounting tool used by airlines to collect adjustments for electronic tickets and refunds issued by agents through the BSP. It is a notice that an airline sends to a travel agency when the airline believes the agent owes the airline some amount for the reasons indicated on the ADM. An airline may send an ADM for various reasons, such as incorrect fare calculation. Airlines are required to publish and maintain their individual ADM policies so that travel agents have visibility in advance.

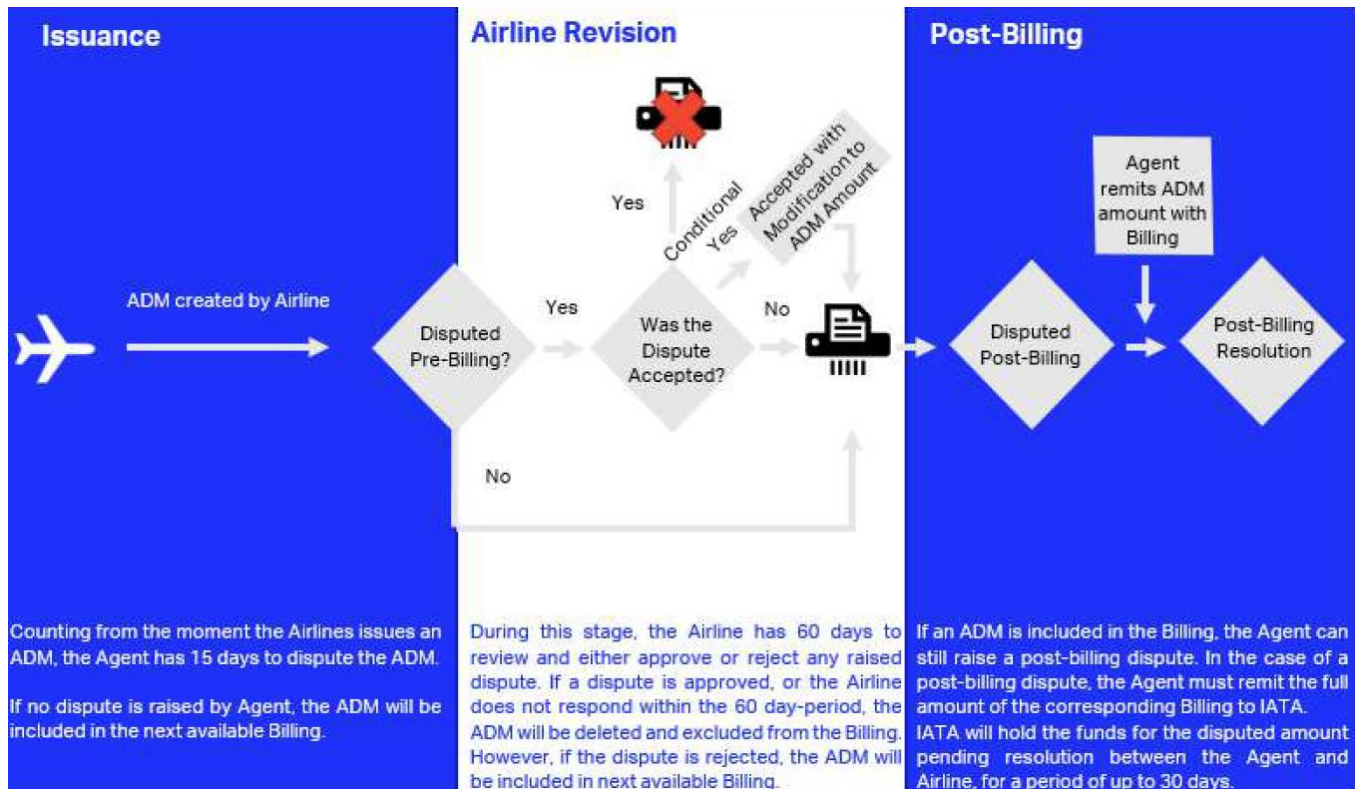
ADMs are governed under the Resolutions, which outline the definition and usage of ADMs. However, each airline may have its own ADM policy, which outlines the requirements that each airline has individually established for ADMs. IATA is not responsible for determining those specific commercial requirements and IATA is not responsible for adjudicating the validity of an ADM.

Also, to clarify, the Resolutions stipulate that ADMs shall only be processed through the BSP if issued within nine months⁶ of the final travel date. Any debit action initiated beyond this period is handled bilaterally between the airline and agent, and IATA is not involved.

⁵ <https://www.iata.org/en/programs/airline-distribution/retailing/ndc/>

⁶ See Passenger Agency Conference Resolution 850m. The nine-month period is based on the last coupon’s use, considering that tickets can be valid for up to a year.

The process and lifecycle of an ADM is illustrated below:



IATA would also like to clarify the point about "churning" raised at the Committee Hearing. With respect to ADM's received if a travel agent is "churning" bookings, it is important to clarify that churning refers to repeated cancelling and rebooking of the same itinerary in the same or different class of service across one or more PNRs⁷ or GDS/CRSs⁸.

Churning is often done to circumvent ticketing time limits and change the booking class which was originally booked or if a reservation entered into a global distribution system (GDS) does not result in the issuance of a ticket.

ADM Disputes

IATA also believes it would be helpful to outline the dispute mechanism as set out in the Resolutions if an agent has any doubts or disagrees with an ADM.

If an agent disagrees with an ADM, the agent may dispute the ADM prior to it being included in the BSP billing. There is a 15-day latency period from the ADMs date of issuance during which the agent can register the dispute.

The issuing airline will then have 60 days to accept or reject the dispute. During this period of time, it is expected that the agent and airline will liaise and come to an agreement on whether the ADM dispute is correct or not. The airline may (i) accept the dispute, (ii) reject the dispute or (iii) adjust the ADM amount and reject the dispute.

⁷ A PNR is a Passenger Name Record.

⁸ A GDS is a Global Distribution System, such as Amadeus or Sabre. A CRS is a Computer Reservations System.



Post-billing disputes (PBD)

If an agent disagrees with an ADM after it has been included in the agent's billing, it is still possible for an agent to dispute the transaction through the post-billing dispute (PBD) mechanism.

The PBD mechanism provides that travel agents have 12 months from the issuance date of an ADM to dispute it. The ADM amount must still be paid by the travel agent. Once the PBD process has been concluded and if there is no agreement between the agent and the airline, the monies paid for by the ADM will be returned to the travel agent.

Agency Credit Memo (ACM)

Another mechanism available to agents is the Agency Credit Memo (ACM). In the event that an accounting error results in an amount due to an agent, the airline will also raise an ACM in the BSP portal. Unlike ADMs, ACMs do not have any latency period or dispute mechanism.

The role of the Travel Agency Commissioner

IATA considers it important to also clarify to the Committee the role and responsibility of the Travel Agency Commissioner (TAC), which was also raised at the Committee Hearing.

The TAC program is an important part of the Passenger Agency Program. The TAC is an independent arbiter that is funded by IATA member airlines and accredited travel agents and terms agreed upon at the PAPGJC with the global Travel Associations. The PAPJGC also oversee the Travel Agency Commissioner program.

The TAC conducts independent reviews and acts with respect to specific decisions and/or actions affecting travel agents and applicants under the Passenger Agency Program. Agents may have the right to request a review of their case/dispute with the TAC in accordance with the rules set out in the relevant Passenger Agency Conference Resolutions.

It is important to note that for the dispute mechanism to act in a fair and efficient manner all parties, both travel agents and airlines, must provide appropriate documentation that articulates the reason for the dispute. Whilst this may potentially be seen as sometimes cumbersome for travel agents it will ensure that facts are based on objective criteria and evidence and that a non-biased outcome is achieved.

Passenger information

IATA would like to provide clarification on the point raised by ATIA in relation to Resolution 830d. This Resolution concerns the requirement for travel agents to provide to airlines passenger contact information within the booking and ticketing process.

It is important to note that Resolution 830d does not result in any punitive action under the Resolution if not applied by travel agents and if agents fail to obtain passenger contact details. Furthermore, the Resolution explicitly clarifies that passenger information must be at the passenger's consent and in compliance with any data protection directives or regulations. In the event the passenger exercises their right not to provide contact details it is incumbent on the agent to indicate that the passenger has declined to provide such details, and to enter the refusal in the PNR.

The Committee should also consider that not all travel agents in Australia are IATA accredited, and therefore there would be a large proportion of travel agents that are not aware of, or required to consult, the Resolution.

Furthermore, complexities can arise in the provision of passenger contact data if a non or IATA travel agent books and tickets through an intermediary (i.e Wholesaler or Consolidator). In these circumstances there is an elevated risk that contact data is not transferred as the customer facing agent may not be the ticketing or booking agent.



Conclusion

In respect of the points raised before the Committee on 17 March 2025, and addressed in detail above, IATA would summarise as follows:

- IATA administers the Passenger Agency Program under which IATA and all participants are subject to competition law. Travel agents do not need to be accredited to sell airline tickets and both travel agents and airlines are free to work together directly. To participate in the BSP, however, travel agents are accredited and gain access to a global network for airlines. The governance framework is participative and includes travel agent representation, including options for review and appeal.
- Travel agents work as agent to the relevant airline in the issuance of tickets and receipt of funds. Funds received by a travel agent for issuance of airline tickets are held in trust for an airline and are remitted to the airline based on timelines established by the Resolutions and local financial criteria.
- ADMs are not "fines" and are not a penalty for conduct. They are a mechanism for procedural fare adjustments based on the contractual conditions adopted by individual airlines. Airlines and travel agents work together to minimise the number of ADMs issued and these are subject to review at the travel agent's option, as explained above, if issued incorrectly.
- The financial criteria applicable to travel agents in Australia are developed and reviewed on a regular basis in groups, such as the local APJC, including travel agents and airlines that participate in the BSP for Australia. Past changes to the Australian local financial criteria were not "vetoed" by any airline.
- As clarified above, Resolution 830d of the Passenger Agency Conference Resolutions requires travel agents to provide airlines with passengers' contact details so airlines can communicate, for example schedule changes etc., directly to passengers. Passengers may refuse to share their details, in which case agents must inform them that they might not receive direct airline notifications. This Resolution is not applicable to non-IATA accredited travel agents.

On a final note, and as highlighted in our June 2024 submission, IATA remains of a firm belief that there is no evidence that prescriptive, aviation-specific regimes deliver improved performance in terms of delays, cancellations or complaint management.

Airlines will continue in their commitment to improve and provide optimal service as costs associated with delays are not insignificant, even without the punitive costs associated with compensation schemes.

IATA would be happy to provide further assistance to the Committee in relation to these topics and applicable IATA Resolutions, if that would be helpful. If you require additional information, please do not hesitate to contact me in writing at

Yours sincerely,

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