



ANNUAL REPORT

2008



"WITHOUT A TRAVEL AGENT YOU'RE ON YOUR OWN"

Australian Federations of Travel Agents

ANNUAL REPORT

2008

Company Detail

Registered Office

Level 3
309 Pitt Street
SYDNEY NSW 2000
ABN: 72 001 444

Auditor

John James Masselos
Chartered Accountant
Level 17
44 Market Street
SYDNEY NSW 2000

Solicitors

Slater & Gordon
Level 11
51 Druitt Street
SYDNEY NSW 2000

Ryan Lawyers
Level 6
40 King Street
SYDNEY NSW 2000

Bankers

Westpac Banking Corporation
Commercial Banking Sydney East
Level 31/75 Kent Street
SYDNEY NSW 2000



MISSION STATEMENT

To be truly representative of the travel agents of Australia.

To enhance the professionalism and profitability of its members through effective representation in industry and government affairs, education and training and by identifying and satisfying the needs of the travelling public.

To promote travel and domestic tourism.

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BOARD OF DIRECTORS

DIRECTORS

Presented to the Annual General Meeting at the Westin Sydney at 2.30 pm on Saturday, 5 July 2008.

The Board of Directors has pleasure in presenting the 51st Annual report for the activities of the Federation for the twelve months ended 31 March 2008 representing the 31st Annual Report of the Federation as a Company. The report covers the Federation's financial year to 31 March 2008 and the period of the current Board which took office on 14 July 2007.



Mike Thompson
Vice chairman
Chief Executive Officer
Group General Manager Corporate
Travelscene American Express Group



Carl Buerckner
Chairman
Managing Director
HRG Australia



Keith Stanley
Vice Chairman
Chief Executive Officer
Stella Travel Services



Justin Morgan
Vice President & General Manager
American Express Business Travel



Michael Reed
Chief Executive Officer
Jetset Travelworld Group



Graham Turner
Chief Executive Officer and
Managing Director
Flight Centre Ltd

CHAIRMAN'S REPORT



The year that has just ended for AFTA on March 31, 2008 must go down as one of the best years ever for the outbound sector of the travel agency distribution system.

Aided by a buoyant economy, extremely competitive air fares, and a strong currency exchange rate, Australians traveled overseas in greater numbers than ever before and the period recorded an increase of over ten percent in outbound travel. In fact in late 2007 official statistics recorded that more Australians traveled overseas than overseas visitors visited Australia.

Again, as in past years, we have witnessed further consolidation of the industry and experienced further change – change that seems to become more rapid with each passing year. Just ten years ago nobody would have thought that we would see the end of the paper airline ticket and arrive at a time where passengers globally now travel without the need for such a ticket. Such electronic operational activity has now been extended to cargo operations with electronic cargo manifests and bills of lading, and is set for further extension into electronic check in and tracking of passenger baggage.

Unfortunately the latter part of the year saw the rise of the spectre of increased fuel prices with resultant changes to the way in which major industry operators carry out their business. Passengers are increasingly assailed with increased charges and reduced service, and in some instances are now charged for items such as checked baggage – a given as part of the passenger ticket up to this time.

There can be no doubt that the pressures we face as a result of this fuel situation will force many to review how they conduct their business, but we must also as an industry understand that the passenger is our lifeline – the key to our

financial viability on an ongoing basis as without the passenger we do not have a business and could well face financial ruin as a result. Whilst it is inevitable that such increases in cost are passed on as part of the fare paid, we must also be sure to walk the line that allows us to maintain passenger acceptance and financial health as an industry.

I have noted that we continue to be assaulted by direct sell operations from many suppliers, and that again we have seen press reports predicting that we will be squeezed – and possibly squeezed out of existence. Such reports carry a theme that has been evident over the past decade, and yet in spite of all these predictions we continue to grow in both numbers and the dollar value processed through the distribution system.

The reality is that the Australian distribution system now processes a higher level of sales than ever before, and as research has shown, continues to be the prime source of distribution for the vast majority of industry suppliers. It is a relationship that is based on mutual respect and one that must continue to be nurtured to mutual advantage. Whilst the supply and distribution arms of the industry will not agree on everything, the reality remains that they are interdependent, and research shows that travel agents are still the preferred booking method of choice with the

traveling public. The internet is here to stay, but it is but one other distribution channel for agents who seize the opportunity to diversify and cover all aspects of the distribution process.

There can be no doubt that the year ahead will bring with it challenges – perhaps in some respects challenges greater than we have witnessed over recent years. I am however confident that Australian travel agents will continue doing what they do best – and that is servicing the traveling needs of their fellow Australians to the very best of their ability.

AFTA has again posted an operating surplus, whilst maintaining expense control at static levels, and that is a result with which I and the Board are very pleased. On behalf of the Board I wish to extend my thanks to the AFTA staff for their work over this past year on behalf of the industry, and compliment them on their commitment and dedication to the betterment of AFTA members and the industry in general.

Carl Buerckner

Chairman

YEAR IN REVIEW



For the outbound travel sector, the year just ended has again seen a massive increase – over 10% - in the number of Australians choosing to travel overseas. Indeed for the first time the number of Australians traveling overseas has exceeded the number of visiting overseas tourists. For that reason alone it has been a boon year for travel agents right across the country. However, if we are to believe all the media predictions and reports there can be no doubt in anyone's mind that we are perhaps sailing into some troubled waters in the year ahead.

Again further consolidation has occurred within the industry, and there is more on the drawing board planned for implementation in the time ahead.

As I predicted some years ago, the advent of reductions in base commission has inevitably forced major industry consolidation as agents, both here and overseas, band together to obtain greater buying power and secure their financial future. Such consolidation, combined with the effort of some to bypass the traditional distribution system, has placed further strain on the relationships that exist between suppliers and the distribution system.

Of particular note has been the cancellation of so called advertised guaranteed tour departures. Whilst the terms and conditions of brochures have allowed such cancellations in particular circumstances, the fact remains that those suppliers that engage in such action not only damage their industry relationships, but more importantly damage their relationship with the consumer. AFTA has taken this issue up with the Council of Australian Tour Operators (CATO), and given the high number of complaints received from many areas, has recommended to those affected that they take

the matter to the Department of Fair Trading. The unfortunate part of this situation is that many consumers believe the travel agent is responsible for their plans being sent into free fall, when in fact the agent is merely the agent of the supplier. It is AFTA's view that guaranteed means precisely that – the tour will operate no matter what the circumstances may be either domestically or internationally.

Competition has increased as the travel sector competes with all other sectors for the consumer dollar, and weathers the consumer demand for ever decreasing cost of travel. Competition is healthy for all industry operatives, but the pressure that will inevitably be placed on yields may well not be sustainable. Whilst the past year has been very buoyant, the pressure that now exists given a fall in consumer sentiment and the spectre of the ever increasing cost of fuel, will take its toll on those that do not act swiftly to ensure the ongoing financial viability of their business.

However in this circumstance as we are now experiencing, it is essential that all industry players act in unison and co-operation and recognize the financial imperatives of each others business. The constant doom and gloom

with which we are assailed on a daily basis from senior industry figures both here and overseas does little to generate consumer confidence, and if we continue to preach such doom and gloom then we shall inevitably reap the results that such preaching will bring into being. Hence, while we accept that we do have some issues to address, we also need to be positive and address those issues in a positive manner and to the benefit of the industry and the traveling public. Everyone accepts that any shareholder in an enterprise has the right to a return on their investment, but there has to be a balance in order to maintain industry profitability and provide funding for growth and future investment.



It was unfortunate that the previous federal government denied both funding and participation to a proposed industry review of consumer protection in Australia based on AFTA's "Better Regulating Travel Services in Australia" submission to governments both state and federal. There is absolutely no doubt that the major threat to any traveling consumer is the possible collapse of an airline, and yet government continues to side step the issue and leave us open to the possibility of another Ansett scenario. If one is to believe the public announcements of the IATA Director General, imminent airline collapse in some areas is a stark reality, and hence consumers must have protection against such an event for their own financial security, and the industry must have such protection in place to avoid damage to its reputation as occurred back in 2001. It is simply not acceptable any longer for statements to be made that no airline will fail and hence airlines

should not be included in Australia's consumer protection schemes.

AFTA will continue to press the new federal government to become involved in this consumer protection review, and to that end during the year held meetings with various federal Ministers on this matter, and has further meetings and submissions under way. Consumers must be aware of their vulnerability in this regard, and consumers must also contribute to a scheme that is no longer viable given shrinking yields if it is to remain industry funded.

Over the course of the year AFTA has made a number of submissions to the ACCC on various industry issues as they affect the Australian distribution system. The major of these was a submission concerning the implementation of the new IATA resolution 818g which is applicable to all Australian travel agents whether they are IATA accredited or deal through central ticketing offices or consolidation, as ticketing offices and Consolidators who are IATA accredited must abide by the resolution.

Whilst AFTA accepted that a new resolution was required for Australia given that IATA's anti trust immunity was coming to an end on February 29, 2008, AFTA did not accept that previously negotiated benefits as existed were in fact to be removed in the new resolution. Commitments were made to AFTA concerning changes to encompass those previous benefits, but at the Passenger Conference in Singapore in December 2007 those commitments were not met. AFTA appealed the matter to the ACCC as the benefits were negotiated under the review of accreditation in Australia as was previously mandated by the ACCC, but in fact the ACCC refused to act on behalf of AFTA and its members.

It is of concern to AFTA that a review mandated by the ACCC, and carried out over a two year period and submitted to the ACCC at its conclusion, has subsequently been ignored in the transition to a new resolution regime. However the issue remains alive and has been

placed on the agenda of the Agency Programme Joint Council here in Australia for consideration for inclusion into the Australian version of the Travel Agents Hand Book.

The matter of GST on forfeited deposits was also addressed during the year in conjunction with other industry associations including CATO and the Australian Tourism Export Council (ATEC), and with detailed submissions made to the Australian Taxation Office (ATO). This matter became the subject of both Supreme Court action, (with the result that the Court ruled no GST was payable); and High Court appeal action initiated by the ATO which overturned the Supreme Court finding and ruled that GST was payable on forfeited deposits. This final ruling flies in the face of agreements reached with the ATO in 2000 when GST was introduced, and AFTA is now seeking detailed advice for all members so that they comply with the recent ruling.

AFTA became a founding contributor to the Travel Industry Careers Association (TICA) during this past year with a contribution of five thousand dollars. This association brings together all facets of the industry to address the critical issue of staff shortages within the industry, and also the issue of creating career opportunities to attract newcomers to the industry. AFTA remains committed to this organization and the work that it is undertaking for the benefit of the entire industry.

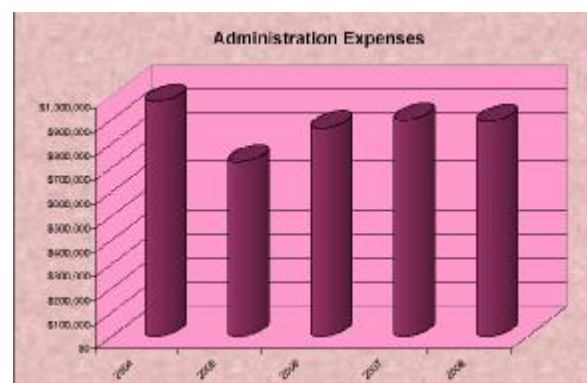
Through its association and Board position at the Sustainable Tourism CRC (STCRC), two large research projects were undertaken during the year into industry trends and consumer preferences. AFTA has now distributed those results to all members and wishes to place on record not only the assistance of the STCRC in carrying out the research, but also the assistance of Qantas Airways in providing an incentive for consumers to participate in the research.

Globally AFTA has continued its involvement in the World Travel Agents Associations Alliance

(WTAAA). This organization represents 70% of all global BSP distribution system sales over all major continents. Previously a loosely formed Alliance, WTAAA is now in the process of incorporating into a not for profit organization domiciled in Belgium and operating under Belgian law. The WTAAA web site – www.wtaaa.org – lists all members and the activities of the Alliance, and the Chair position of the Alliance is currently held by AFTA.

The WTAAA holds six of the nine agent delegate positions on the IATA Passenger Agency Programme Global Joint Council – PAPGJC – and AFTA is a WTAAA delegate on that Council. AFTA has also continued its involvement in matters concerning the International Standards Organization and its attempts to introduce common standards that may at some point be legislated and made mandatory. Together with all of the Australian industry as a unified voice, AFTA continues to demand that consideration of such standards be abandoned immediately.

Meetings have been held between agents and GDS companies during this past twelve months, and will continue at a global level in an effort to resolve the thorny issue of guaranteed fares, with the end result to be a GDS fare system that will ensure that agents are not able to be in error in relation to fares or fare quotes, and hence never in a position of receiving an ADM for an error in relation to fares.



AFTA continues to maintain very close relationships with sister associations around the globe and regularly dialogues with them on trends within their own market areas, and on global issues that cannot be addressed through representation on global councils and committees, but which may eventually affect Australian travel agents.

At home AFTA maintained its involvement in tourism within Australia. It is a core tenet of AFTA's mission statement to promote domestic tourism within Australia, and AFTA remains committed to ensuring that travel agents are recognized as an integral part of domestic tourism.

As part of its involvement in domestic tourism, AFTA continues to render financial and in kind support and to be a board member of the STCRC based at Griffith University in Queensland – now the largest tourism research institute in the world. The benefit of this participation has already been evidenced this past year with the major research undertaken on AFTA's behalf for the benefit of AFTA member agencies.

AFTA also holds the position of Vice Chair of the National Tourism Alliance (NTA), which brings together all industry sectors to provide a unified voice to government on issues surrounding Australian tourism. This involvement gives AFTA additional access to government and Ministers, thus providing the opportunity to bring to their attention matters of importance and concern to the distribution system. Although the present federal Minister for Tourism has disbanded the Tourism Minister's Advisory Council, the Minister has committed to meeting with the combined industry on a quarterly basis.

AFTA further maintains involvement in the domestic scene through active participation as a member of the federal government National Tourism and Aviation Advisory Committee; the Australian Taxation Office Industry Task Force; the IATA Agency Programme Joint Council of which AFTA is the Chair; the IATA Travel Industry Automation Working Group; the

Department of Foreign Affairs Smart Traveller Advisory Committee; the Department of Foreign Affairs Council on Latin American Relations; the New South Wales Government Tourism Industry Forum, and the New South Wales Government Committee to remove red tape in business. AFTA also maintains close working links with CATO and ATEC and regularly dialogues with the executives of those organizations, and continues to provide secretariat services to CATO.

AFTA's mission to protect the interests of its membership continues in many areas, and many issues not detailed here continue to be addressed on an ongoing basis.

Financial Results

On behalf of the Board of Directors I report on the financial operations of the Federation for the year ended March 31, 2008.



During the year a detailed analysis of AFTA activities – both operational and financial – was undertaken, and a new strategic plan was prepared and accepted by the Board for implementation.

This new plan addresses initiatives designed to increase AFTA's revenue base and those initiatives are now in the throes of implementation.

For the year ended March 31, 2008 the Federation recorded an operating surplus of \$52,302. Whilst this result as is decrease of \$43,670 on the previous year, it has been achieved in the face of a necessity to increase staff levels within the organization by one person in order to maintain services, and the cost of additional work undertaken under Special Projects.

Major financial variations for the year under review were:

- Membership income decreased \$20,442, and membership income now accounts for 65.5% of the Federation's income
- Royalties decreased by \$13,884 reflecting the cessation of royalty income on the Professional Indemnity insurance scheme and the loss of rebates related to the IATA Industry I D Card
- Investment income increased by \$10,294
- National Awards income increased by \$11,308
- Webmail income decreased by \$18,462
- Rental income increased by \$7,299
- Administration expense decreased by \$3,419 and is in line with the previous two years
- Special Projects expenditure increased by \$17,454 reflecting increased government submission activity
- Receivables decreased by \$167,727
- Cash at bank increased by \$213,291 reflecting tighter control and investment of Federation funds.

Whilst the financial result is satisfactory, it must be acknowledged that such a result would not be possible without the support of major chains who have committed to 100% membership of AFTA as a benefit of franchise membership arrangements, and the support of the Concorde group in subsidizing membership fees for the CAN network.

Conclusion

Whilst this past year has been a successful year for AFTA, the challenges – both industry and financial – remain and will continue to be addressed in the coming year.

Notwithstanding any comment that may have been made in this report, many industry suppliers and associates have rendered invaluable support to AFTA over the past twelve months. Whilst those individuals and companies are far too numerous to name here in detail, I know they are aware of their contribution and on behalf of the Board I express sincere appreciation for that co-operation and contribution.

I am extremely indebted to the loyal staff of the Federation. AFTA only has a staff of five permanent employees to handle all the matters that come before the Federation and to service member inquiries and requests. The staff at the Secretariat are extremely loyal and committed to achieving member benefit, and in particular I pay tribute to Marie Allom who this year celebrates 30 years of service to the Federation and the industry. AFTA is a team effort and that is the only way in which it can operate successfully, and I am deeply appreciative and very conscious of the effort the staff have made over this past year.

The Board of AFTA – all senior executives in their own right and managing major industry business operations – give of their services to the Federation free of charge. The Board continues to be deeply involved in AFTA's operations, and I have particularly appreciated the involvement of Board sub committees that have assisted with various projects throughout the year.

Nothing that AFTA does or achieves is of relevance without the support of AFTA's membership base. The increase in membership numbers over recent years is a heartening

endorsement of the Federation's activities and gives the staff at the Secretariat the incentive to raise the standard in the interests of attaining increased member benefit.

On behalf of the Board and the staff I thank each and every member for their support over the past year and in the time ahead, and assure you

that our dedication to the task of achieving beneficial outcomes for all members will continue in the year ahead.

Mike Hatton OAM

Chief Executive

DOMESTIC TOURISM

AFTA'S leading role in supporting and promoting domestic tourism in Australia has continued over the past 12 months and is manifested in many ways – from direct financial assistance from the Federation or in participatory activities which see AFTA's input into a range of organizations and events throughout the year.

One of the most noteworthy contributions AFTA makes is the organisation's long standing assistance and commitment to the Sustainable Tourism Co-operative Research Centre (STCRC) based at Griffith University in Queensland. AFTA was the lead and only industry body that committed support and pledged funding in order to have this research institute commenced back in 1999, and has maintained that support – both financial and in kind – for the entire period of the Centre's operation. In addition AFTA has served on the Board of Directors of the STCRC for its entire period of operation.

AFTA's involvement with the STCRC is a partnership which represents an important investment in the future of tourism in Australia, as the Centre carries out hundreds of research projects designed to further enhance sustainability in Australian tourism.

Given our industry's widespread geographical base, it is also essential that we keep in close contact with various Federal and State bodies and institutions which impact on domestic tourism.

Decisions and discussions within Tourism Australia and state government tourism bodies have a direct effect on the daily operations of travel agents, not only in a particular state but right across the country, making it critically important that such forums are aware of our viewpoint.

The same applies at the very top Federal policy level where it is essential that we keep close to the decision making processes which concern us, and so we are able to take our case directly to those responsible for making such decisions. While AFTA, by and large, must be driven by the narrow focus of the interests of the travel agent, it is important that our input contributes to the benefit of the industry generally, and in particular at times when it is essential that the industry speak with one voice.

In this respect AFTA maintains essential tourism relationships with a wide range of government and industry bodies. These include being a member of the Australian Tourism Industry Taxation Task Force; a member of the Australian government National Tourism and Aviation Advisory Committee; holding the position of Vice Chair of the National Tourism Alliance; representation on the Tourism Industry Council of New South Wales, and membership of the Queensland Tourism Industry Council.

AFTA also maintains a close working relationship with the Australian Tourism Export Council; the Association of Convention Bureaux; the Sydney Convention Bureau; the Hotel and Motel Association of Australia; the Australian Hotels Association and the Council of Australian Tour Operators.

Participation in all these organizations assists AFTA to keep abreast of developments which have a bearing on the small business community, as well as providing us with an important representation tool.

In recent times AFTA has been actively engaged in the Federal government's initiative to establish a National Accreditation Scheme for Australian tourism operators. In addition, AFTA is an active participant, through the National Tourism Alliance, in the industry submission to government that will form part of the Federal

Tourism Minister's Strategic Plan for Australian Tourism.

At another level is AFTA's involvement in the Travel Industry Careers Association – a body designed to foster training and enhancement of prospects for new entrants into the Australian tourism industry. AFTA also maintains active involvement in training through the AFTA Education and Training Division which has oversight of AFTA college and distance learning operations within the industry; maintenance of the Australian Travel Professionals Accreditation Scheme, and responsibility for the production of AFTA's travel and tourism training modules for students completing courses in Australian travel and tourism. AFTA considers this to be an

essential part of the ongoing educational process and a critical element in bringing qualified employees into the industry. The year ahead will also see AFTA's active involvement in the Australian Tourism Exchange expo to be held in Perth, West Australia in June 2008.

AFTA regards involvement in all these activities as an essential part of its role in effective representation of travel agents and in the promotion of domestic tourism. Our nation Australia has unlimited experiences to offer to tourists, and all Australians should be aware of and familiar with our own land, as when we travel we are in fact ambassadors for our country and its tourism product.

CORPORATE GOVERNANCE

Introduction

Corporate Governance is the system by which companies are directed and controlled.

Directors are responsible for the governance of their Companies. The role of members with corporate governance is to appoint directors and auditors and to satisfy themselves an appropriate structure is in place. The responsibilities of the Board include setting up the strategic aims and mission statement of the Federation, providing leadership, supervising management and reporting to members.

The Board's actions are at all times subject to statutes, regulations and members at general meetings.

Local business practices have demonstrated during recent years an increased focus on the standard of corporate governance practices with a view to improving board and management behaviour, and providing an aid to management.

The Federation has always adopted "best practice" particularly in relation to financial reporting and accountability.

Board of Directors and Committees

The Board monitors the achievements of its strategic aims and mission statement.

Committees formed from time to time comprise Directors in various roles together with the assistance of outside qualified persons as may be required.

All procedures and mandates for committees are reviewed regularly.

The Board has established an appropriate framework for management of the Federation including internal control procedures, business

risk management processes and maintenance of significant ethical standards.

Audit Committee

Statements of Corporate Governance, Auditing Practice and Business promote the role of audit committees for all significant entities.

The Federation recognised this important concept by introducing an Audit Committee in 1980 many years prior to recommendation by Australian accounting bodies; prior to generally accepted business practices and also prior to requirements for listed companies.

An audit committee in the context of the Federation is defined as a committee comprising non-executive members of the Board to which has been assigned scrutiny of the financial reporting and auditing process.

One of the roles of the Audit Committee is to recommend adoption of the Financial Statements to the full Board.

The Board is effectively informed by providing each Director with a copy of the Audit Committee Memorandum, Minutes, or extracts there from on a timely basis.

The role of the Federation's Audit Committee included:

1. Review and discuss the scope of the audit conducted and if appropriate to suggest extensions in areas of special interest.
2. Review details of the audit and discuss the Financial Statements in detail with the Auditor with particular attention focused on significant and unusual items, disclosure of other items that may not be included and questions on performance in general.

3. Recommend to the full Board any changes to accounting policies, operations and controls.
4. Examination of the internal control of the Federation's financial affairs and discharge of any particular financial assignments that the Board may wish the Committee to undertake.
5. Enhance communications between the Board and Auditor.
6. Adherence to codes of corporate conduct.

Finally, the Committee organises, reviews and reports on any special reviews or investigations deemed necessary by the Board.

New Directors

Proper Corporate Governance procedures provide for a suitable educative process for all newly appointed Directors.

This process relates to all corporate activities, controls, issues, strategies and in particular encouraging meetings with management to gain a full and frank understanding of the Federation.

Internal Controls

The Directors, who are responsible for the internal control systems for the Federation, recognise no cost effective system will preclude irregularities, error, etc.

The Federation has a comprehensive and well planned budgetary system annually approved by the Board with monthly reporting and measurement of actual results.

Ethical Standards

The Federation has established ethical standards appropriate for all personnel, Directors, management and staff.

These standards generally relate to professional conduct and presentation, contact with members, trading with suppliers, consulting with advisors, meeting with governments and industry principals, relations with overseas associations, encouraging public forums, and striving for professional and high standard education tuition in the Federation's Education and Training divisions.

Conclusion

All Federation personnel, including Directors, perform their duties with integrity and objectivity with the ultimate aim of enhancing the reputation and performance of the organisation.

The Annual General Meeting provides an important opportunity for members to express their views and respond to initiatives proposed by the Board.

**THE AUSTRALIAN
FEDERATION OF TRAVEL
AGENTS LIMITED
ABN 72 001 444 275**

Directors' Report

The Directors present their report together with the financial report of The Australian Federation of Travel Agents Limited ('the Federation') for the year ended 31 March 2008 and the auditors report thereon.

Directors

The directors of the Federation at the date of this report:

C Buerckner
(Chairman)
K Stanley
(Vice Chairman)
M Thompson
(Vice Chairman)
J Morgan
M Reed
G Turner

Directorate

Details of the qualifications, experience and special responsibilities of each director:

C Buerckner, Chairman
Director since September 2005
Managing Director
HRG Australia
Member of Audit Committee

K Stanley, Vice Chairman
Director since July 2007. Prior to this,
Alternate Director since March 2007
Chief Executive Officer
Stella Travel Services
Member of Audit Committee

M Thompson, Vice Chairman
Director since January 2007
Chief Executive Officer
Travelscene American Express
Member of Audit Committee

J Morgan
Director since August 2007
Vice President, General Manager
American Express Business Travel

M Reed
Director since March 2007
Chief Executive Officer
Jetset Travelworld Group

G Turner
Director since September 2005
Managing Director
Flight Centre Limited

Details of the qualifications, experience and special responsibilities of each alternate director:

J E Gardner
Alternate Director since September 2005
Director Human Resources & Operations
HRG Australia

D Marcotte
Alternate Director since November 2006
Vice President
Global Supplier Relations
American Express Business Travel

M Mulholland
Alternate Director since May 2008
General Manager – Consolidation
Flight Centre

G Smith
Alternate Director since November 2007
Chief Marketing Officer
Jetset Travelworld Ltd



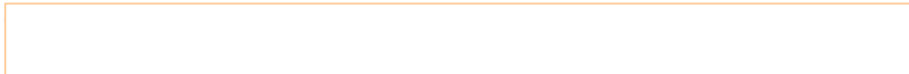
Directors Meetings

The number of directors meetings (including meetings of a committee of directors) and number of meetings attended by each of the directors of the Federation during the financial year.

	Board		Committee	
	Eligible	Attended	Eligible	Attended
A Aitkenhead	2	1	-	-
S Alysandratos	1	-	-	-
(W Blacker, Alternate for S Alysandratos)	1	1	-	-
C Buerckner	5	5	1	1
(J Gardner, Alternate for C Buerckner)	-	-	-	-
M Cario	5	4	-	-
D Laverty	5	1	-	-
(W Borland, Alternate for D Laverty)	2	1	-	-
J Morgan	3	3	-	-
(D Marcotte, Alternate for J Morgan)	-	-	-	-
M Reed	5	4	-	-
(G Smith, Alternate for M Reed)	1	1	-	-
C Scott	1	-	-	-
(K Stanley, Alternate for C Scott)	1	1	-	-
P Scurrah	1	1	-	-
K Stanley	4	2	-	-
M Thompson	5	3	1	1
G Turner	5	-	-	-
(J Sturgess, Alternate for G Turner)	5	5	-	-

Principal Activities

The Federations principal activities during the year were: to promote and develop tourism as an industrial resource of Australia; to develop training for travel professionals throughout Australia; to operate as a professional association thereby representing the business interests of travel agents; to create a strong and cohesive relationship with federal and state government departments where applicable in education, tourism, aviation, transport and communications; to increase consumer awareness and create a strong community profile about the services that our members provide.



Report of the Directors

No significant change in the principal activities of the Federation occurred during the year.

Results

The operating surplus of the Federation was \$52,302 (2007 surplus: \$95,973). A complete analysis of the trading results for each business sector is shown below.

Dividends

The Federation is a company limited by guarantee with no share capital. Rule 3 of the Company's Constitution prohibits the Federation from paying dividends.

Review of Operations

Detailed information of the years operations is contained in the Notes to the Financial Statements. However a synopsis follows:

Income

Membership

Membership has decreased in terms of both physical numbers of members (2,540 at 31 March 2007 – 2,528 at 31 March 2008) and monetary terms (\$751,643 in 2007 - \$731,201 in 2008).

Royalties and Rebates

2008 Earnings are 74% lower than 2007 earnings due to ID Card Royalties ceasing in July 2006 and Professional Indemnity Royalties ceasing during the financial year.

E&T / Travel Colleges

Management of the travel colleges is outsourced. College royalty income is down 8% this year (2007: 23%).

National Awards

The awards recorded a profit of \$56,895 in 2008 compared with a profit of \$45,587 in 2007.

Gross Marketing Income

Marketing income has decreased by \$18,462.

Expenditure

Head Office administration costs have not changed significantly. Special project costs have increased this year.

State of Affairs

There were no significant changes in the state of affairs of the Federation during the year other than mentioned in this report.



The Australian Federation of Travel Agents

Review of Operations	2008	2007
	\$	\$
Income		
Members	731,201	751,643
Royalties & Rebates	5,000	18,844
E&T / Travel Colleges	75,931	82,933
Investment	69,678	59,384
National Awards	56,895	45,587
Webmail – Gross Marketing Income	136,829	155,291
Rent Received	23,799	16,500
Other	<u>16,216</u>	<u>15,002</u>
	<u>1,115,549</u>	<u>1,145,184</u>
 Expenditure		
Administration and Other	973,448	976,867
Special Projects	<u>89,799</u>	<u>72,345</u>
	<u>1,063,247</u>	<u>1,049,212</u>
 Surplus/(Deficit) for the Year	\$ 52,302	\$ 95,972

Environmental Regulation

The Federation's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Federation has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Federation.

Events Subsequent to Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report, any other item, transaction or event of a material and unusual nature likely in the opinion of the directors of the Federation to affect significantly:

- i) the operations of the Federation.
- ii) the results of those operations; or
- iii) the state of affairs of the Federation in future financial years.

Likely Developments

It is not foreseen that the Federation will undertake any change in its general direction during the coming financial year. The Federation will continue to pursue its activities as detailed earlier in this report to produce the most beneficial result for its members and the travel industry.



Directors Benefits

No director has received any financial benefits or remuneration during the financial year and there were no benefits subsisting at year-end.

Indemnification and Insurance of Officers

During the financial year, the Federation paid a premium in respect of a contract insuring the Directors of the Federation and Executive Officer of the Federation against a liability incurred as such a Director or Executive Officer to the extent permitted by the Corporations Law. Such premium paid totalled \$7,973 (2007: \$9,250) and covers all Directors of the Federation and the Executive Officers.

The insurance policy outlined above does not contain details of the premium paid in respect of individual officers of the company.

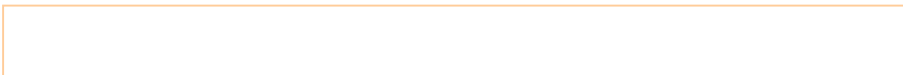
Auditor's: Independence Declaration under Section 307C of the Corporations Act 2001

A copy of the auditor's independence declaration is set out on page 24.

Signed at Sydney in accordance with a
resolution of the directors
dated 4 June 2008



Carl Buerckner
Chairman of Directors



THE AUSTRALIAN FEDERATION OF TRAVEL AGENTS LIMITED

Income Statement
For the year ended 31 March 2008

	Notes	2008 \$	2007 \$
Revenue	2	1,115,549	1,145,184
Administrative expenses, other expenses and special projects	2	<u>(1,063,247)</u>	<u>(1,049,212)</u>
Surplus for the year		<u>52,302</u>	<u>95,972</u>

Statement of Changes in Accumulated Funds and Reserves
For the year ended 31 March 2008

Accumulated Funds		
Balance at Beginning of Financial Year	1,310,388	1,214,415
Operating Surplus/(Deficit) for Year	<u>52,302</u>	<u>95,972</u>
Balance at End of Financial Year	<u>1,362,690</u>	<u>1,310,387</u>
Asset Revaluation Reserve		
Balance at Beginning of Financial Year	985,520	885,520
Increase in Reserve	<u>-</u>	<u>100,000</u>
Balance at End of Financial Year	<u>985,520</u>	<u>985,520</u>
Accumulated Funds and Reserves	<u>2,348,210</u>	<u>2,295,907</u>

The Asset Revaluation Reserve relates to property (building) measured at fair value in accordance with applicable Australian Accounting Standards.

The accompanying notes form part of the Financial Statements.



THE AUSTRALIAN FEDERATION OF TRAVEL AGENTS LIMITED

**Balance Sheet
As at 31 March 2008**

	Notes	2008 \$	2007 \$
Current assets			
Cash		1,210,926	997,635
Receivables	3	130,006	297,733
Prepayments		<u>156,052</u>	<u>65,793</u>
Total current assets		<u>1,496,984</u>	<u>1,361,161</u>
Non-current assets			
Investments	4	703	1,163
Property, plant and equipment	5	<u>1,446,762</u>	<u>1,435,752</u>
Total non-current assets		<u>1,447,465</u>	<u>1,436,915</u>
Total assets		<u>2,944,459</u>	<u>2,798,076</u>
Current liabilities			
Accounts Payable		90,971	73,442
Provision for Employee Benefits	6	122,711	78,660
Other	7	<u>382,557</u>	<u>218,514</u>
Total current liabilities		<u>596,239</u>	<u>370,616</u>
Non-current liabilities			
Provision for Employee Benefits	6	<u>0</u>	<u>131,553</u>
Total non-current liabilities		<u>0</u>	<u>131,553</u>
Total liabilities		<u>596,239</u>	<u>502,169</u>
Net assets		<u>2,348,210</u>	<u>2,295,907</u>
Accumulated funds and reserves			
Accumulated Funds		1,362,690	1,310,387
Reserves		<u>985,520</u>	<u>985,520</u>
Total accumulated funds and reserves		<u>2,348,210</u>	<u>2,295,907</u>

The accompanying notes form part of the Financial Statements.



THE AUSTRALIAN FEDERATION OF TRAVEL AGENTS LIMITED

Statement of Cash Flows
For the Year Ended 31 March 2008

	Notes	2008 \$	2007 \$
Cash flows from operating activities			
Cash receipts from members and other sources		1,377,641	1,016,749
Payments for Administration etc (excluding non cash items)		<u>(1,214,465)</u>	<u>(1,015,867)</u>
Cash Generated from operations		163,176	882
Investment Income	2	<u>69,678</u>	<u>59,384</u>
Net cash inflow / (outflow) from operating activities	17	<u>232,854</u>	<u>60,266</u>
Cash flows from investing activities			
Payments for property, plant and equipment	5	<u>(19,563)</u>	<u>(10,387)</u>
Net cash (outflow) from investing activities		<u>(19,563)</u>	<u>(10,387)</u>
Net increase/(decrease) in cash held		<u>213,291</u>	<u>49,879</u>
Cash at the beginning of the financial year		<u>997,635</u>	<u>947,756</u>
Cash at the end of the financial year		<u>1,210,926</u>	<u>997,635</u>

The accompanying notes form part of the Financial Statements.



THE AUSTRALIAN FEDERATION OF TRAVEL AGENTS LIMITED

**Notes to and Forming Part of the
2008 Financial Statements**

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1.	Summary of Significant Accounting Policies
2.	Revenue and Expenditure
3.	Current Assets - Receivables
4.	Investments
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7.	Current Liabilities - Other
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9.	Special Projects
10.	Additional Financial Instruments Disclosure
11.	Future Commitments
12.	Superannuation Contributions
13.	Directors Remuneration
14.	Related Parties
15.	Contingent Liabilities and Contingent Assets
16.	Segment Reporting
17.	Reconciliation of Cash Flow from Operating Activities
18.	Company Details
19.	Subsequent Events



Notes to and Forming Part of the 2008 Financial Statements

1. Summary of Significant Accounting Policies

The significant policies, which have been adopted in the preparation of this financial report:

a) Statement of compliance

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards, (AASBs) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. International Financial Reporting Standards ('IFRSs') form the basis of Australian Accounting Standards adopted by the AASB, being the Australian equivalent to IFRS ('AIFRS').

The financial statements were approved by the Board of Directors on 4th June 2008.

b) Basis of Preparation

The financial report is presented in Australian dollars.

The financial report has been prepared on the historical cost basis except for the strata title and investments which are valued at market value.

c) Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

d) Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.



Notes to and Forming Part of the 2008 Financial Statements

1. Summary of Significant Accounting Policies (Continued)

e) Revenue Recognition

Membership Revenue

Membership revenue comprises revenue earned (net of discounts and allowances) from the provision of membership to AFTA. Membership revenue is recognised in monthly intervals throughout the year. Where membership revenue is received prior to being earned; the amount is recognised as subscriptions in advance.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due as the costs incurred or to be incurred cannot be measured reliably.

Investment Income

Investment income is recognised as it accrues.

College Royalties

College Royalties are recognised on the day the course commences.

National Awards Revenue

National Awards revenue is recognised net of costs associated with the annual National Awards event. This event is held annually.

Gross Marketing Income

Gross marketing income from casual advertisers is recognised in the month the advertisement was published.

Marketing income from prepaid customers is recognised on a monthly basis over the term of the agreement and not during the month the advertisement was published.

f) Goods and Services Tax (GST)

Revenue, expense and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.



Notes to and Forming Part of the 2008 Financial Statements

1. Summary of Significant Accounting Policies (Continued)

f) Goods and Services Tax (GST) (Continued)

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

h) Receivables

Trade Debtors to be settled within 30 days are carried at amounts due. The collectability of debts is assessed throughout the year and at balance date and if required a specific provision is made at balance date for any doubtful accounts.

i) Employee Entitlements

Wages, salaries, annual leave

The provision for employee entitlements to wages, salaries, and annual leave represents the benefits which fall due wholly within 12 months after the end of the period in which employee services are rendered. The provisions have been calculated at undiscounted amounts based on current or projected wage and salary rates.

Long service leave and other retirement benefits

The Federation's net obligation in respect of long-term service and other retirement benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated based on projected wage and salary rates and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the balance sheet date on government bonds that have maturity dates approximating to the terms of the Federations obligations.

Superannuation

The Federation contributions to Superannuation Funds are expensed as incurred. Further information is set out in Note 12.

j) Property, Plant and Equipment

Equipment and furniture is measured at cost less accumulated depreciation and impairment losses.



Notes to and Forming Part of the 2008 Financial Statements

1. Summary of Significant Accounting Policies (Continued)

j) Property, Plant and Equipment (Continued)

The fair value of buildings is recognised based on market value. An external, independent valuation company valued the property in November 2006. The Board believes there has been no impairment of the strata premises since this revaluation.

When the asset's carrying amount is increased as a result of a revaluation, the increase is, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, credited directly to revaluation reserve. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is, except to the extent of any credit balance existing in the revaluation reserve in respect of that asset, recognised in profit and loss. The revaluation surplus is transferred directly to retained earnings when the asset is derecognised.

Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of equipment and furniture. The estimated useful lives in the current and comparative year are as follows:

Equipment and Furniture 2-10 years

Depreciation methods, useful lives and residual values, if not insignificant, are reassessed at the reporting date.

k) Income Tax

No income tax is provided because of the exemption allowed under Section 50-40 of the Income Tax Assessment Act 1997 in respect of income of a company which is primarily carried on for the purposes of promotion of Australian Tourism.

l) Accounts Payable

Trade and other payables are stated at cost (whether or not billed to the Federation). Trade accounts payable are normally settled in less than 30 days.

m) Investments

Controlled entities

The Federation does not have any controlled entities.

Other companies

Investments in listed and unlisted companies are classified as current assets and are stated at their market value, with any resultant gain or loss recognised in the income statement.



Notes to and Forming Part of the 2008 Financial Statements

	Notes	2008 \$	2007 \$
2. Revenue and Expenditure			
Revenue			
Members		731,201	751,643
Royalties & Rebates		5,000	18,844
E&T / Travel Colleges		75,931	82,933
Investment		69,678	59,384
National Awards		56,895	45,587
Webmail – Gross Marketing Income		136,829	155,291
Rent Received		23,799	16,500
Other		<u>16,216</u>	<u>15,002</u>
		<u>1,115,549</u>	<u>1,145,184</u>
Expenditure			
Administration and Other		973,448	976,867
Special Projects	9	<u>89,799</u>	<u>72,345</u>
		<u>1,063,247</u>	<u>1,049,212</u>
Surplus/(Deficit) for the Year		<u>52,302</u>	<u>95,972</u>
3. Current Assets - Receivables			
Trade and Other		<u>130,006</u>	<u>297,733</u>
		<u>130,006</u>	<u>297,733</u>
4. Investments			
Investments in Other Corporations			
Listed Shares at cost		727	727
Unrealised Gain/(Loss)		<u>(24)</u>	<u>436</u>
		<u>703</u>	<u>1,163</u>



Notes to and Forming Part of the 2008 Financial Statements

5. Non-Current Assets - Property, Plant & Equipment

	2008		
	Building	Plant and Equipment	Total
Cost			
Opening Balance	1,425,000	325,487	1,750,587
Adjustments – Obsolete Assets	-	(261,536)	(261,536)
Acquisitions	-	19,563	19,563
Closing Balance	1,425,000	83,514	1,508,514
Revaluation of property	-	-	-
Depreciation and impairment losses			
Opening Balance	-	314,735	314,735
Adjustments – Obsolete Assets	-	(261,536)	(261,536)
Depreciation charge for the year	-	8,553	8,553
Closing Balance	-	61,752	61,752
Carrying amounts			
At 31 March 2008	1,425,000	21,762	1,446,762

	2007		
	Building	Plant and Equipment	Total
Cost			
Opening Balance	1,325,000	347,713	1,672,713
Adjustments – Obsolete Assets	-	(32,613)	(32,613)
Acquisitions	-	10,387	10,387
Closing Balance	1,325,000	325,487	1,650,487
Revaluation of property	100,000	-	100,000
Depreciation and impairment losses			
Opening Balance	-	340,467	340,467
Adjustments – Obsolete Assets	-	(32,613)	(32,613)
Depreciation charge for the year	-	6,881	6,881
Closing Balance	-	314,735	314,735
Carrying amounts			
At 31 March 2007	1,425,000	10,752	1,435,752

Valuation of Strata Premises

The Strata Premises was revalued on 17 November 2006 by David Hofierka AAPI (Registered Valuer Number 6763) at fair market value based on existing use. The market value was assessed at \$1,425,000. The Board believes there has been no impairment of the strata premises since this revaluation.



Notes to and Forming Part of the 2008 Financial Statements

	Notes	2008 \$	2007 \$
6. Provision for Employee Benefits			
Current			
Provision for Annual Leave		<u>122,711</u>	<u>78,660</u>
Non-current			
Provision for Long Service Leave and other retirement benefits		<u>-</u>	<u>131,553</u>
7. Current Liabilities - Other			
GST Collected		51,609	23,883
Subscriptions in Advance		39,128	34,202
Income in Advance		<u>291,820</u>	<u>160,429</u>
		<u>382,557</u>	<u>218,514</u>
8. Auditor's Remuneration			
Auditor			
Audit of all Divisions		15,675	16,000
Other Services		<u>2,500</u>	<u>2,000</u>
		<u>18,175</u>	<u>18,000</u>
9. Special Projects			
STCR Research Centre	11	50,001	50,000
Same Day Voiding		972	-
Star Alliance Corporate Arrangement		396	-
Travel Industry Careers Association		5,000	-
ACCC IATA		10,605	8,053
Consumer Survey		1,400	-
Accreditation Scheme		2,800	-
AFTA Card		15,625	-
Assoc. Integration		1,333	-
Lobby Consultancy		-	1,980
Jetstar Australia Post Proposal		-	175
Industry Employee Award		-	1,334
ACCC S8 Acquisition		-	2,124
ACCC/QF Takeover		-	1,116
HO ATO GST on deposits		1,667	3,500
ACCC NZ/QF		<u>-</u>	<u>4,063</u>
		<u>89,799</u>	<u>72,345</u>



Notes to and Forming Part of the 2008 Financial Statements

10. Additional Financial Instruments Disclosure

a) Interest Rate Risk

The Federation's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities are set out below.

<u>2008</u>	Notes	Floating Interest Rate \$	Fixed interest maturing in 1 year or less \$	Non Interest Bearing \$	Total \$
Financial Assets					
Cash		44,160	1,166,016	750	1,210,926
Receivables	3	-	-	130,006	130,006
Investments	4	-	-	703	703
		<u>44,160</u>	<u>1,166,016</u>	<u>131,459</u>	<u>1,341,635</u>
Weighted average interest rate at 31 March 2008					
		1.55%	8.2%		
Financial Liabilities					
Accounts Payable		-	-	90,971	90,971

<u>2007</u>	Notes	Floating Interest Rate \$	Fixed interest maturing in 1 year or less \$	Non Interest Bearing \$	Total \$
Financial Assets					
Cash		76,851	920,084	700	997,635
Receivables	3	-	-	297,733	297,733
Investments	4	-	-	1,163	1,163
		<u>76,851</u>	<u>920,084</u>	<u>299,596</u>	<u>1,296,531</u>
Weighted average interest rate at 31 March 2007					
		2.5%	6.0%		
Financial Liabilities					
Accounts Payable		-	-	73,442	73,442



Notes to and Forming Part of the 2008 Financial Statements

10. Additional Financial Instruments Disclosure (Continued)

b) Credit Risk Exposure

Credit risk represents the loss that would be recognised if counter-parties failed to perform as contracted. The credit risk on financial assets, excluding investments, of the Federation, which have been recognised on the balance sheet, is the carrying amount, net of any provision for doubtful debts.

c) Net Fair Values of Financial Assets and Liabilities

The carrying amounts of cash, receivables and other assets approximate Net Fair Value. The net fair value for investments can be found in Note 4.

11. Future Commitments

Sustainable Tourism Research Centre

The Federation has a commitment to contribute an annual sum of \$50,000 (2007: \$50,000) for this project for a five-year period from 1 July 2005 to 30 June 2010 subject to annual review by the board. The total charges against future financial statements over the two years to 2010 could accordingly total \$112,500 (2007 - \$250,000). This commitment is subject to annual review by the Board.

This research project reflects part of the Federations ongoing domestic tourism support and is a research project of some similarity to projects funded by the Federation for many years. The research centre, substantially government and industry funded, primarily conducts research into sustainable tourism.

The Federation has been issued with 370,000 B Class shares and 1,206,000 BB Class shares in the organisation.

The ownership and value of these shares has not been included in the audited Financial Statements as an asset and will not be included until such time as a readily realisable asset is deemed to emerge.

12. Superannuation Contributions

The Federation contributes to employee superannuation funds and all fund entitlements are income accumulation. Contributions for the year totalled \$60,887 (2007: \$50,565).



Notes to and Forming Part of the 2008 Financial Statements

	2008	2007
	\$	\$
13. Directors Remuneration		
Income received, or due and receivable, by previous directors	-	-

The number of previous directors of the Federation whose income from the Federation falls within the following bands:

S'000	
0-10	-
10-20	-
20-30	-
30-40	-

The current directors in accordance with the constitution of the Federation are not entitled to any remuneration.

14. Related Parties

The names of persons who were directors at any time during the financial year:

A Aitkenhead, S Alysandratos, C Buerckner, M Cario, D Laverty, J Morgan, M Reed, C Scott, P Scurrah, K Stanley, M Thompson, G Turner.

The names of persons who were alternate directors at any time during the financial year:

W Blacker, C Borland, J Gardner, D Marcotte, M. Mullholland, G Smith, K Stanley, J Sturgess.

15. Contingent Liabilities and Contingent Assets

No contingent liability or asset is known to exist at the date of the Financial Statements.

16. Segment Reporting

The Federation operates in one industry, promoting the development of tourism in Australia and in one geographical segment, namely Australia.



Notes to and Forming Part of the 2008 Financial Statements

	2008	2007
	\$	\$
17. Reconciliation of cash flows from operating activities		
Cash flows from operating activities		
Operating Surplus/(Deficit)	52,302	95,972
<i>Adjustments for:</i>		
Depreciation and Amortisation	8,553	6,881
(Reversal of) Impairment losses	(460)	(331)
Provisions for employee entitlements	(86,581)	62,704
Changes in operating assets and liabilities		
Decrease/(increase) in trade and other receivables	167,727	(83,392)
(Increase)/decrease in prepayments	(90,259)	984
Increase/(decrease) in accrued income	131,391	5,565
Increase in trade and other payables	17,529	39,313
(Decrease)/Increase in provisions and other liabilities	32,652	(67,430)
Net cash from operating activities	<u>232,854</u>	<u>60,266</u>

18. Company Details

The Australian Federation of Travel Agents Limited, incorporated in 1977 under the Corporations Act 2001 is a company limited by guarantee. The company's constitution indicates that in the event of the company being wound up, the liability of each member (during the time of membership or within one year after) shall not exceed \$30.

The registered office of The Australian Federation of Travel Agents Limited is Level 3, 309 Pitt Street, Sydney NSW 2000. At 31 March 2008, there was the equivalent of four and a half full-time employees of the Federation.

19. Subsequent Events

No matters have arisen subsequent to balance date that the Directors consider disclosure necessary.



THE AUSTRALIAN FEDERATION OF TRAVEL AGENTS LIMITED

DIRECTORS DECLARATION

In the opinion of the Directors of The Australian Federation of Travel Agents Limited (the Federation):

- (a) the financial statements and notes, set out on pages 6 to 20, are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the financial position of the Federation as at 31 March 2008 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe the Federation will be able to pay its debts as and when they become due and payable.

Signed at Sydney in accordance with a
resolution of the board of directors
dated 4 June 2008



Carl Buerekner
Chairman of Directors



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE AUSTRALIAN FEDERATION OF TRAVEL AGENTS LIMITED**

Scope

The Financial Report and Directors' Responsibility

I have audited the accompanying financial report of the Australian Federation of Travel Agents Limited which comprises the balance sheet as at 31 March 2008 and the income statement, statement of cash flows for the year ended on that date, accompanying notes to the financial statements (Note 1 to 19), and the directors' declaration for the year ended on that date.

The directors of the Federation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The directors state that the financial report comprising the financial statements and notes complies with Australian equivalents to International Financial Reporting Standards.

Audit approach

My responsibility is to express an opinion to the members of the Federation. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the federation's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control. An audit involves evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting, a view which is consistent with our understanding of the Federation's financial position, of its performance as represented by the results of its operations, changes in equity and cash flow.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.




Audit Opinion

In my opinion, the financial report of The Australian Federation of Travel Agents Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Federation's financial position as at 31 March 2008 and of its performance for the year ended on that date, and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

Signed at Sydney on 4 June 2008



JOHN JAMES MASSELOS
Chartered Accountant

Liability is limited by a Scheme approved under the professional Standards Legislation

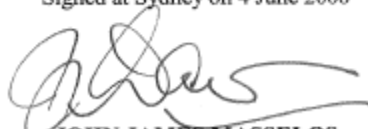


**AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 307C OF
THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF
THE AUSTRALIAN FEDERATION OF TRAVEL AGENTS LIMITED**

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 March 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Signed at Sydney on 4 June 2008


JOHN JAMES MASSELOS
Chartered Accountant

CHAIRMEN

Car Buerckner	2007-Present
Bob Steel	2006-2007
Ian Carew-Reid	2000-2005
Phil Hoffmann	1998-2000
Byron Roberts	1996-1998

PRESIDENTS

Phil Hoffmann	1996-1992
Jim Clements	1992
Adrian Miller	1990-1992
Greg Underdown	1989-1990
Os Pitts	1984-1987
Case Muskens	1981-1984
Eric Grimes	1979-1981
John Webb	1978-1979\
Case Muskens	1976-1978
Jim Russell	1974-1976
Jim Jenkins	1972-1974
Murray Quartermaine	1971-1972
Os Pitts	1969-1971
John Tyerman	1967-1969
Max Wilson	1965-1967
Stewart Moffat	1963-1965
Roy King	1962-1963
Stewart Moffat	1959-1961
Frank Johnson	1957-1959

LIFE MEMBERS

Marie Allom
Ian Carew-Reid
Jim Clements
John Dart
Phil Hoffmann
Frank Johnson
Roy King
Peter Lowry
John Masselos
Mario Perrone
Os Pitts
Bob Steel

PAST LIFE MEMBERS

John Cooper
Jim Jenkins
Max Krumbeck
Stewart Moffat
Jim Russell
Beverley Wills