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THE AUSTRALIAN FEDERATION OF TRAVEL AGENTS

Without an AFTA Travel Agent,
you're on your own

APRIL 2014

Message from the Chief Executive



With just on two months to go until the full changes of the Travel Industry Transition Plan (TITP) come into effect I hope that members are completely across what these changes mean for your

business. **Firstly;** you will no longer need to hold a travel agents' licence in your state and for any branch office that you have. Some states have not got the administration of the licence fees paid in advance lined up with the 30 June 2014 date, but we expect there to be some adjustments made in due course. Nevertheless, you will not need to pay the licence fees from 1 July 2014. **Secondly;** you will no longer be a participant in the Travel Compensation Fund (TCF). You will already have noticed that you did not need to submit

a financial return to the TCF last year and that continues. No more participation in the TCF, no fees, no financial returns. **Thirdly;** if you are an IATA accredited agent nothing changes to those arrangements whatsoever. You will need to continue to meet the IATA criteria, be audited and submit your returns as required by IATA. Going forward AFTA is completing the process of developing the AFTA Travel Accreditation Scheme (ATAS) which will open for applications soon. There is a series of workshops running in May and you would have already got the details of these in your state and the webinar for those that are remote. For more info on this, go to <http://www.afta.com.au/events/workshop-sessions>. I really encourage every member to take part in these workshops as it is now a really important time to be fully informed about your options and what is available to you going forward. ATAS will provide agents with a validation of credentials and underpin

your own value proposition to demonstrate to your clients new and old that you are a reputable, trusted travel agent who takes your business seriously. I hope you choose to join ATAS. You will also be aware that applications for the various insolvency insurance products are open and you can approach Gow-Gates for more information about this. Contact details are available at <http://www.gowgates.com.au/72/Travel-Agents-Tour-Operators>. So the time is now to act to ensure you have all the information you need to make informed decisions about your future and your business. With change comes challenge, but we hope no surprises. If you are unsure about anything whatsoever, need more information, have questions of any kind, please take a look at the new fresh www.afta.com.au website, email us at afta@afta.com.au or simply give us a call and one of the AFTA team will be able to help. Good luck with the months ahead and I hope to see you at one of the workshops soon.

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Getting ready for 30 June!



It seems like we've only just finished talking about New Year's Resolutions and now it's time to start talking about End of Financial Year Tax Planning!

Now is a great time to make an appointment to see your accountant to discuss a variety of issues to make sure your business is on track for finishing 2014 without any hiccups and to make sure that you are all set for 1 July and a fantastic 2015 financial year.

Top tips to discuss with your accountant:

1. **Your IATA tests** – Ensure you satisfy the four tests (below) for the 2014 financial year:
 - a. Minimum share capital & reserves;
 - b. Client travel account;
 - c. Working capital to meet overheads; and
 - d. Profitability.
2. **The Federal Budget** changes to be announced on Tuesday 13 May and how they impact on your business and personal circumstances;
3. **Superannuation contributions** – it's only tax deductible this year if you actually pay it before 30 June so double check your employee super to make sure that everyone has been paid the correct amount and see if the business can afford to put a bit extra into your personal superannuation account. The maximum 2014 contribution for anyone 58 or under on 30 June 2013 is \$25,000. If you were 59 or over on 30 June 2013 then the 2014 limit is \$35,000. For 2015, the maximum contribution for anyone 48 or under

on 30 June 2014 is \$30,000 but if you are 49 or over on 30 June 2014 then the 2015 limit is \$35,000.

4. **Super Stream** – From 1 July 2014, employers with more than 20 employees to pay contributions to Self Managed Super Funds (SMSFs) electronically (no more cheques in the mail) and you have to send the contribution data to the SMSF electronically. Each SMSF should be sending you their Electronic Service address by 31 May. Hopefully your payroll software provider will upgrade your software by 1 July so that you can easily send the electronic contribution data. The rules will apply to employers with less than 20 employees from 1 July 2015 but there is an exemption for SMSFs related to the Employer.
5. **Last minute 2014 tax planning** – Are there any available opportunities to minimise your current tax bill before 30 June or at least defer some of it till next year?
6. **2015 strategic & tax planning** – what are your goals for 2015? What do you need to do to achieve them?

DFK ANZ Accountants are experts at helping identify and implement strategies to get your business running smoothly and achieving your goals. To have an honest and constructive conversation about your business please contact us at 1300 DFK ANZ.



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I.R. Intelligence

Do you have a question for our Industrial Relations Hotline? E-mail AFTA on afta@afta.com.au with the subject "I.R. Intelligence" and our expert will answer your question.

I am the manager of a travel retail business. I am going on holidays over Easter, and have decided to close the office over the long weekend. I plan to ask my employees to take compulsory annual leave on the days which are not public holidays. Am I allowed to do this? Sara-Adelaide



Under the *General Retail Industry Award 2010* ('the Award'), you are permitted to ask employees to take compulsory annual leave when the office is closed, but you must give at least four weeks' notice. As it is very close to Easter, you will not be able to give the required notice.

In these circumstances, you cannot force your employees to take compulsory annual leave. However, the *National Employment Standards* ('NES') allow you to seek the agreement of employees to take annual leave on the days that the office is closed. This of course excludes public holidays. If an employee refuses to take annual leave, you will need to pay them at their normal base rate of daily pay.

You may have employees who have not accrued enough annual leave. In this situation, under the Award annual leave may be granted in excess of that which is accrued. Employees are then able to work extra days to cover the annual leave granted. If there is a severance of employment before the employee is able to make-up any annual leave granted in excess of that which is accrued, you are entitled to deduct the amount of leave still owing from any remuneration payable to the employee upon termination.

Thank you for your enquiry. If you have any further questions, please contact the free AFTA IR Hotline on 1300 303 768 and have your membership number handy.

It's nearly here ...TAIFI

By Gow-Gates Insurance Brokers

The travel Industry is heading towards a bright new future and part of this is the option to take out a choice of new insurance products.

For the first time you are now able to protect both yourself and your passengers against airline insolvency and end supplier insolvency with SAFI and ESFI. Your exposure to chargebacks could be a thing of the past!

The final, and most highly anticipated new product is the **Travel Agent & Intermediary Failure Insurance** or "TAIFI" as it will now be known.

After many years of assisting the travel industry in Australia with insurance solutions Gow-Gates are very excited to launch a commercial solution to protect consumers against the insolvency of travel agents and intermediaries.

The product's launch is around the corner, but we thought we might address a few key points about TAIFI's development.

As you would be aware from 1st July 2014, the Travel Compensation Fund (TCF) winds up and there will no longer be compensation for the public for the insolvency of travel agents and other travel related intermediaries.

Gow-Gates, in conjunction with AFTA, has designed and negotiated a commercial solution with Liberty International Underwriters Australia, through their binding agent International Passenger Protection, for ATAS accredited agents & Intermediaries to be able to offer insurance protection to their customers in the event of their own financial failure.

This commercial solution is not a replacement of the TCF – it is an insurance product designed to provide a "peace of mind promise"



In Summary

- TAIFI is available for quotation from 9 May 2014 and will be ready for issue on 1 July 2014
- TAIFI is optional, but it certainly gives you new ways to protect your existing customers
- it can provide you with an opportunity to bring more customers through your door, knowing they are dealing with someone prepared to look after their holiday and their funds
- TAIFI is only available to those with ATAS Accreditation, allowing ATAS Participants with TAIFI to offer combined peace of mind and protection for their customers

to your customers. Now there will be a tangible product you can promote to your customers setting you apart from the rest - **Travel Agent & Intermediary Insolvency Insurance (TAIFI)**.

TAIFI will only be available to ATAS accredited companies and will cover money paid for holiday arrangements in the event of the agent's or intermediary's insolvency.

Cover is only for insolvency in respect of monies held by the Insured Agent and does not cover monies once passed on to another company and/or end supplier. To cover these risks, we have the SAFI & ESFI products available.

Whilst this product is not compulsory, consumers will be looking out for agents and intermediaries prepared to offer protection to

ensure their customer's holiday investment is safe.

This is yet another opportunity to differentiate yourself from your competitors.

How do I get a quotation?

Simply complete the online application form which you will be able to find a link to on the ATAS website from 9 May 2014. You will then be able to print the application so it can be signed then emailed to Gow-Gates along with the requested supporting information. Applications should be sent to;

Travel Industry Division, Gow-Gates Insurance Brokers – travel@gowgates.com.au or faxed to (02) 8267 9991.

Gow-Gates Insurance Brokers advise that persons should not act on the material contained in this article as the items are of a general nature only. We therefore recommend that individual advice be sought before acting in these areas.



Gow-Gates Insurance Brokers

"A journey of 1000 miles begins with the right advice"

Our Travel Industry Facilities offer you the flexibility to choose the appropriate insurance cover for your business needs, at a competitive price.

For more information contact Gow-Gates:

P: 02 8267 9999
E: info@gowgates.com.au
W: gowgates.com.au



Gow Gates Insurance Brokers Pty Ltd ABN 12 000 837 785 AFSL 245432



What's the value of financial advice?

By Alexandra Cain

For most people, understanding the best way to build your nest egg is a big question. How do you find out what the best financial products are for you? How much do you need to save for retirement? And what government incentives are available to help you build your retirement savings?



Getting help to answer these questions is one of the reasons professional financial advice can be so valuable. So let's look at some of the reasons why building a relationship with a financial adviser is so important.

1. Working out your financial goals

One of the biggest benefits of working with a financial adviser is that he or she will be able to help you identify your financial goals and put in place strategies to reach them.

Early on in your relationship with your adviser, you will sit down and have a discussion about what you want to achieve long-term financially. Do you want to have a relatively modest retirement, but spend more money now? Or would you prefer to have a more comfortable retirement, perhaps travel overseas once a year, and save more now?

Whatever you decide, a financial adviser will be able to help you determine how much you will need to save, and what you will need to do to achieve your goals, taking into account your circumstances.

This usually involves an assessment of your risk profile, an important part of the process. Are you happy to invest in a larger proportion of higher risk assets such as shares, to potentially achieve a greater return in the long run? Or are you more comfortable investing in lower-risk assets such as term deposits and bonds? Working this out will help you to figure out realistic financial goals.

2. An adviser can help you be disciplined about saving and investing

Many people find that when they have a financial adviser, it's easier to budget to save, as well as stick to a financial plan, to help build your long-term wealth. As part of the process of receiving advice, you will generally work out a household budget that sets out how much you need to pay for the basics – your rent or mortgage, food, utilities and transport, as well as money available for non-essentials such as entertainment.

Your adviser will then be able to help you determine how much money you have available each month to put aside to help reach your financial goals. Having regular meetings with your adviser is also a great way to make sure you stick to your plan.

3. Making amendments when your situation changes

Another benefit of financial advice is having someone to talk to if your situation changes. If you decide to start a family, or if you get divorced or lose your job, your adviser will be

able to help you re-think your financial plan to take into account your new circumstances.

4. Finding the right financial products to suit your needs

With so many different financial products in the market, it can be tricky to work out which ones are right for you. An adviser can guide you through this process, drawing on his or her knowledge of all the different financial products in the market.

5. Taking advantage of government benefits

There is a range of different incentives available to help you increase your retirement savings – for example salary sacrificing a portion of your wage into your super fund. An adviser can help you work out if this is the best approach for you.

It's important to remember there are a number of different ways you can access financial advice. You can get comprehensive advice, you can get general advice and you can get one-off advice about a specific matter.

So there's a number of different financial advice options available to you and it's worth talking to an adviser about which are right for you.

More information

For more information or to talk to a financial advisor today contact Qantas Credit Union on 1300 747 747 or visit our website www.qantasqu.com.au



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