



TAANZ
TRAVEL AGENTS' ASSOCIATION
NEW ZEALAND

Annual Report 2009

*"Without a travel agent **you're on your own**".*

CONTENTS

- 2 Board of Directors
- 5 President's Report
- 7 - 14 Chief Executive's Report - The Year in Review

Financial Statements for TAANZ for the Year Ended 31 May 2009 including:

- 16 • Auditor's Report
- 17 - 18 • Statement of Financial Performance
- 19 • Statement of Movement in Equity
- 20 • Statement of Financial Position

Financial Statements for TAANZ Bonding Scheme for the Year Ended 31 May 2009 including:

- 25 • Auditor's Report
- 26 • Statement of Financial Performance
- 27 • Statement of Movement in Equity
- 28 • Statement of Financial Position
- 31 Analysis of TAANZ Income and Expenditure, 2008/2009

TAANZ MEMBERSHIP FACTS

Founded 1962

Full Members	364
Additional Branch Locations	66
Allied Members	79
Total	509

Number of Selling Staff Employed by TAANZ Full Members

- Full Members and Branch Locations 2,483

Value of Travel Business Written by TAANZ Members

- Full Members and Branch Locations \$2.629 billion

TAANZ BOARD OF DIRECTORS 2008/2009



Left to right: Mark Abbot, Ross Manson, Peter Barlow (President), Andrew Bowman, Murray Tanner, Paul Yeo (Chief Executive). (Absent: Tony Terrill)

SECRETARIAT

Level 3, Tourism & Travel House,
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PO Box 1888, DX SX10033, Wellington 6140
Tel: (04) 496-4898, Fax: (04) 499-0786
Email: info@taanz.org.nz
Website: www.taanz.org.nz
www.travelagents.org.nz

CHIEF EXECUTIVE:

Mr Paul Yeo
Email: paul@taanz.org.nz

EXECUTIVE OFFICER:

Mr Charlie Ives
Email: charlie@taanz.org.nz

MEMBERSHIP SERVICES EXECUTIVE:

Ms Madeleine Alberts
Email: info@taanz.org.nz

OFFICE ASSISTANT:

Mr Tony King
Email: tony@taanz.org.nz

FINANCE MANAGER:

Ms Tarsha Triplow
Email: tarsha.triplow@taanz.org.nz

BONDING AUTHORITY:

Mr Dan Williams, CA
Level 11, Deloitte House, 10 Brandon Street,
PO Box 3251, Wellington 6140
Tel: (04) 473-4330
Fax: (04) 473-4331
Email: nztaanzbonding@deloitte.co.nz

PRESIDENT:

Mr Peter Barlow, MNZITT
Director
Williment Travel Group
43-47 Hanson Street, Mt Cook
PO Box 589, Wellington 6140
DX SP20034 Wellington
Tel: (04) 380 2500
Fax: (04) 380 2501
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VICE PRESIDENT:

Mr Mark Abbot, MNZITT
Director
Representing House of Travel Holdings
C/- MDS Law - Barristers & Solicitors
Level 5, Brannigans Building
85 Gloucester Street
Cnr Oxford Tce & Gloucester Street
PO Box 185, Christchurch 8140
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DIRECTORS:

Mr Andrew Bowman, MNZITT
Managing Director
First Travel Group
Level 5, 5-7 Kingdon Street, Newmarket,
PO Box 2926 Shortland Street, Auckland 1140
DX CX10156 Auckland
Tel: (09) 377-1578
Fax: (09) 306-7778
Email: andrew@first-travel-group.co.nz

Mr Ross Manson
Managing Director
ITN Travel Group
Level 5, 66 Wyndham Street
PO Box 505, Auckland 1140
DX CR51010 Auckland
Tel: (09) 307-1810
Fax: (09) 307-1815
Email: rossm@itntravel.co.nz

Mr Tony Terrill
General Manager, New Zealand
Carlson Wagonlit Travel
Level 1, 50 Anzac Avenue
PO Box 148, Shortland Street,
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DX CP19069
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Fax: (09) 921-0154
Mobile: 021 906-098
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Mr Murray Tanner
Legal Counsel
Stella Travel Services
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PO Box 505, Auckland 1140
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SOLICITOR:

Mr AR (Andy) Marshall, LLB (HONS)
Gault Mitchell and Co
Level 4, Natural Gas Corp. House
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Fax: (04) 471-0835
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AUDITOR:

Grant Thornton
Chartered Accountant
Leve 13, AXA Centre
80 The Terrace
PO Box 10712, Wellington
Tel: (04) 474-8500
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BANKERS:

National Bank of New Zealand

LIFE MEMBERS:

Mr Andrew Bagnall, Auckland
Mrs Anne Bouterey, MNZITT, Christchurch
Mr Bob Christey, MNZITT, Hamilton
Mr Peter Cox, OBE, FNZITT, Napier
Mr Duncan Hamilton, OBE, ACA, FNZITT, Auckland
Mr James Langton, MNZITT, Auckland
Mr John Morrison, MNZITT, AFNZIM, Wellington
Mr Charles Spain, FNZITT, Auckland
Mr Tim Tapper, FNZITT, Auckland
Mr Peter Lowry MBE, LNZITT, Wellington

PAST PRESIDENTS:

1962-64	Mr John F Beckett, FNZITT
1964-65	Mr George L Barker, MNZITT
1965-67	Mr Kenneth St John, MNZITT
1967-68	Mr Ron W Johnson, MNZITT
1968-71	Mr Okke Hansen, FNZITT
1971-73	Mr Malcolm G Scott, MNZITT
1973-75	Mr Duncan K Hamilton, OBE, FNZITT
1975-77	Mr Bob Alpe, MNZITT
1977-78	Mr Rodney Walshe, ONZM, FNZITT
1978-80	Mr Peter D Cox, OBE, FNZITT
1980-81	Mr Alan Spence, MNZITT
1981-83	Mr Lloyd Tremain, LNZITT
1983-85	Mr Richard Conway, MNZITT
1985-87	Mr Bob Christey, MNZITT
1987-90	Mr Charles Spain, FNZITT
1990-92	Mr Greg Miller, MNZITT
1992-94	Mr Peter Brandley, MNZITT
1994-96	Mr Tim Tapper, FNZITT
1996-98	Mr John Morrison, MNZITT, AFNZIM
1998-00	Mrs Anne Bouterey, MNZITT
2000-07	Mr James Langton MNZITT

EXECUTIVE DIRECTORS:

1962-68	Mr Jim P McDavitt
1969-76	Mr Monty F Foate, MNZITT
1976-78	Mr Albert McGowan, MNZITT

CHIEF EXECUTIVE:

1978-06	Mr Peter J Lowry, MBE, LNZITT
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10 YEAR MEMBERSHIP REVIEW

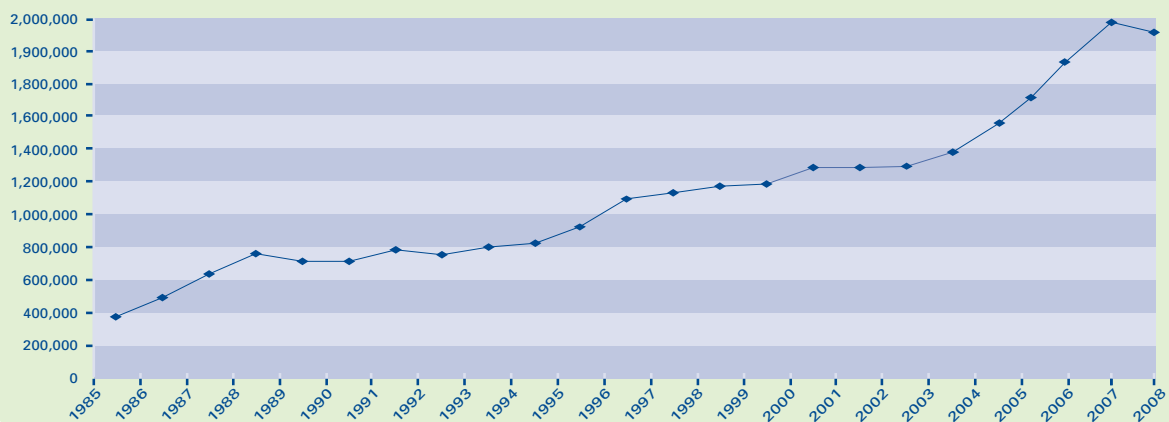
	MAY 2009	MAY 2008	MAY 2007	MAY 2006	MAY 2005	MAY 2004	MAY 2003	MAY 2002	MAY 2001	MAY 2000
FULL MEMBER HEAD OFFICE	364	380	396	400	416	402	401	409	396	421
ADDITIONAL BRANCH LOCATIONS OF FULL MEMBERS	66	73	80	84	96	117	132	129	190	190
NEW TOTALS AFTER TAKING INTO ACCOUNT CHANGES AND CLOSURES	430	456	476	184	512	519	533	539	586	611
APPROVED SALESPERSONS	315	324	314	309	284	296	264	216	-	-
ALLIED SUPPLIER MEMBERS	79	83	92	96	100	103	106	112	113	121

25 YEARS OF GROWTH

Total New Zealand Residents Departing (Short Term) As at March

1985	378,491	1991	778,956	1997	1,131,682	2003	1,373,632
1986	490,515	1992	750,895	1998	1,166,418	2004	1,432,541
1987	637,149	1993	799,659	1999	1,184,510	2005	1,777,939
1988	757,154	1994	823,834	2000	1,282,791	2006	1,876,838
1989	716,329	1995	920,107	2001	1,286,593	2007	1,996,314
1990	717,278	1996	1,092,879	2002	1,292,979	2008	1,967,100

TOTAL NZ RESIDENT DEPARTURES BY CALENDAR YEAR



PRESIDENT'S REPORT



I talked last year of the buoyancy of the market - well that all changed as we ushered in the end of 2008! This year has seen the proliferation of the "R" word. The recession has seen us all re-position our businesses to cope with diminished sales, lower yield and cost control. Unfortunately, the most significant consequence of a recession is staff and the need for redundancies.

Most Agents have acted intuitively and effectively to control expenditure and to re-engineer their businesses with lower staff numbers and a more determined sales driven focus. The reality though, is that in tough times people stay close to home and business trips and holidays are scrutinised more closely. Whilst this has presented us all with an opportunity to "clean house", we must be conscious that we position ourselves for better times which, I believe, will come again.

In the year to May 2009, the total number of outbound trips from New Zealand was down 3.5%. This might seem like a small dip but in real terms, this translates into a more significant drop in sales volume and yield. We can take some solace in the fact that the recession has effected all business, all around the world and reports of diminished sales in some countries is substantial. I hasten to add that our trade partners, in particular Airlines are experiencing the worst trading conditions on record and it is important that we remember that their survival is intrinsic to ours!

As I write this, I am buoyed by the fact that TAANZ has this year not experienced financial loss from a single default and long may that continue. In all honesty, this still may be the most significant test of the strength of our Industry and we still have some way to go before the economy brightens. As TAANZ members, a strong Bonding Scheme and an extra diligent Bonding Authority has never been more important. With close to \$2 million in accumulated funds and an additional \$250,000 in the shared Airline Contingency fund, a considerable level of security exists. This ensures that in instances of default, the reputation of the Trade is intact!

Enough of that. From a Board perspective, the year was largely business as usual. We have continued to promote and advocate, where appropriate, the Travel Agent as the professional to help navigate the minefield of deals that have hit the market and the heavily promoted airfares on offer.

In my view, the importance of the Agent has never been greater. Naturally, people will continue to search the internet for information but still desire the knowledge and expertise of the friendly Travel Agent to put it all together. Quite literally, I believe there has never been a better time to travel from a consumer perspective and we should all align ourselves to the customer accordingly and grasp this change in buying behaviour.

Your Chief Executive and I have singularly and collectively presented our credentials to Government via the Ministers' office and I had the great pleasure of representing TAANZ at a Dinner at Government House as a guest of John Key where I spoke of the significance of a strong Travel Industry, both outbound and inbound. We are lucky that we have a Prime Minister with a Tourism portfolio and that access to him exists.

On the Global scene, our involvement in WTAAA provides the continued sharing of ideas and information. The Global economy was discussed at length in our March meeting and I noted that New Zealand is travelling well compared to others. It was also noted that 37 IATA Airlines have faced bankruptcy in the last 12 months and this will continue. Generally, all markets were feeling the impact of the recession and were down on average 40%! There was a collective desire to work more closely together to provide assistance with information and ideas to support the global distribution system. To this end, a marketing committee was formed and has been instrumental in promoting any activity or initiative from any market to the Global trade media.

Some success of note were: Singapore Airlines losing their fight in India to remove Agent commission, Air Canada's announcement that after removing commissions some years ago that they are now paying commission on

some fares to Agents in Canada. Also of interest was the announcement by United Airlines that they are charging some US Agents credit card fees. WTAAA took this news to the World markets and United's stance has since stalled.

Closer to home, the recent Commerce Commission ruling that Visa card merchant fees can be on-charged to the customer is welcome news. This will, I am sure, pave the way for this application on all cards.

This week, the Prime Ministers of Australia and New Zealand will meet and part of their time will be devoted to the continuation of closer economic relations. Of particular interest will be the outcomes concerning travel between the two countries.

Training continues to be high on the TAANZ agenda and we have progressed our dialogue with the various stakeholders, ATTO and NZITT, to a satisfactory conclusion with proposals for change to the outdated Membership Criteria and Rules Schedule III - the requirements for qualifications for management and staff, to be submitted at our AGM. ATTO's Strategic Training Plan – Travel Sector 2009-2015 was released this year aiming to change the training, recruitment and retention of Travel Agents. I would like to acknowledge the work of our Chief Executive, Board member Andrew Bowman and past President James Langton for their work to date in this area.

I must finish by expressing gratitude to my Board colleagues who give of their time, experience and good will throughout each year. Under the stewardship of our Chief Executive, Paul Yeo, the secretariat continues to run smoothly and effectively providing the perfect conduit to Dan and Mary at the Bonding Authority and Andy Marshall, our learned legal council. Thank you all.

Wishing you all much prosperity in the year ahead.

A handwritten signature in blue ink, appearing to read 'Peter Barlow'.

Peter Barlow
President

CHIEF EXECUTIVE'S REPORT

THE YEAR UNDER REVIEW



OVERVIEW

I am pleased to present my fourth Annual Report as Chief Executive of TAANZ.

TAANZ is now in its 47th year as the trade association representing the travel agency and tour operator distribution system.

During the period under review much has happened – the onset of the global economic crisis has put New Zealand into recession, outbound travel has experienced its first decline in many years and travel agents have been forced to reorganise their businesses to continue to trade profitably but despite all this the TAANZ Bonding Scheme had a successful year, our international links with the world travel agents body grew and we turned in a profitable result.

Prior to this year travel agents had several successive positive years as outbound travel surged ahead, enjoying the benefits of a high New Zealand dollar, a strong domestic economy and competitive international airfares.

Most agents had successfully adapted to constantly changing market conditions and competitive elements that saw the role of travel agents change from one of pure distribution to one of advice and consultancy as the consumer became faced with an overwhelming choice of travel options and booking methods and looked for professional guidance, security and surety. Perhaps because agents had tightened up their business practices after the changes to the way they were remunerated by airlines they have been in a better position to face the inevitable day when trading circumstances took a turn for the worse, as they did this year.

At the end of the previous year there were already growing signs of a cooling economy, a weakening dollar and rising fuel prices and in last year's annual report we predicted lower growth levels for the coming year.

However the change was more rapid and of greater proportions than expected, as the whole global economy took a nosedive in late 2008.

The first part of 2009 saw a decline in business and accordingly many agents restructured which resulted in a contraction in the number of offices, particularly branch locations, as well as staff reductions.

New Zealanders changed their overseas travel patterns, with less travelling overall and a move in the holiday sector was seen away from long haul to short haul. Corporate travel was particularly affected as businesses cut back on travel and shifted from premium airfares towards the back of the plane.

The total number of trips undertaken for the year ended May 2009 was 1.93 million, down 70,100 trips or 3.5% on the previous year.

There were less short-term resident departures to Oceania (down 44,019 or 3.6 percent), Asia (down 12,544 or 4.8 percent) and Europe (down 12,182 or 6.9 percent), but more to the Americas (up 1,729 or 1.4 percent). The largest numerical decrease was in resident departures to Australia (down 34,193 or 3.5 percent). There were also fewer trips to Fiji (down 4,238 or 10 percent), New Caledonia (down 4,080 or 34.9 percent), China (down 4,150 or 6.8 percent), France (down 6,131 or 31 percent) and the United Kingdom (down 5,375 or 5.6 percent).

Some of the few destinations to report an increase were the Cook Islands (up 646 or 1.2 percent), Samoa (up 2,313 or 6.2 percent) and Canada (up 456 or 2.3 percent).

Australia still remained the destination for about half of New Zealand residents (942,000) departing on short-term trips in the May 2009 year followed by UK/Europe (164,000) and Fiji (92,000).

A holiday was the main travel reason for 791,600 New Zealand residents who departed in the May 2009 year, down 49,400 (9.4 percent) from the previous year. In the only sector that grew, another 645,300 were departing to visit friends and relatives (up 15,700 or 2.5 percent) whereas 263,100 were departing for business purposes (down 27,400 or 5.9 percent).

According to the Ministry of Tourism the recession continues to influence the travel patterns of New Zealanders. One of the main effects has been a temporary shift away from outbound travel towards domestic travel. Outbound trips are forecast to fall by 3.8% in 2009 as the economy continues to weaken and a further 1.1% in 2010 as unemployment peaks.

A strong catch-up period is forecast in 2011-12 followed by a return to trend growth that will increase outbound trips to 2.23 million by 2015. This represents a total increase over the forecast period of 13.3% (262,000 trips) and an average increase of 1.8% per annum.

MEMBERSHIP

The past year has seen the acceleration of the same trend that has been apparent for the last few years – a decline in the number of full member head offices and branch locations - whereas the number of approved salespersons has fluctuated around the same number.

The number of agency head offices and branches declined from 453 to 430 in the past year, a drop of 5.1%. Our industry peaked twelve years ago when there were 671 offices. There has been a 36% decrease since then, most of which occurred in 2001 and 2002 during a period of major consolidation. Approved salespersons declined slightly from 324 to 315 in the past twelve months, however these numbers have increased 46% in the past seven years.

While TAANZ has as its primary role the representation of its members it does often lobby and speak on behalf of all travel agents generically. Those travel agents who are not TAANZ members thereby benefit from this arrangement and TAANZ is always keen to welcome them as members.

For the second year in a row TAANZ reduced membership fees in recognition of the robust financial position that it was in. Last year there was a reduction for full member head offices and branches of approximately 4% and this year a further 10% reduction applied to all members.

With the continuing growth in the area of Approved Salespersons (Travel Brokers) and the need to administer and manage their compliance with our rules a new administration fee was added. The section of our Constitution and Rules that govern Approved Salespersons was overhauled and updated, after consultation with our members involved in this area.

Another section of our Constitution to be amended was that removing the requirement for members to have secured safes within their premises – a hangover from the days of paper tickets, validation plates and cash payments.

MARKETING

Our key role involves positioning the travel agent distribution system against the rapidly growing trend for consumers to research and often book direct with airlines and suppliers via the internet.

The internet is here to stay and will continue to attract growing numbers of users to make their travel bookings, particularly for short to medium haul leisure traffic. Travel agents are countering this in two distinct ways. Firstly, they are making their own space on the internet and embracing new technology to ensure they can compete on the same playing field.

Secondly, travel agents have to remind consumers of the benefits of using a TAANZ bonded travel agent and the pitfalls of going it alone and doing it themselves.

International research continues to show the frustration sometimes experienced by consumers in using web sites to make travel bookings and a growing desire to have an expert to deal with in person.

This was the second year of operation of our refreshed website and customer relationship management database. Several enhancements were added to both to improve their effectiveness including the inclusion of a mapping feature to the website to enable consumers to easily locate TAANZ member travel agents.

To preserve funds no major advertising campaign has been undertaken, with the premise being that our individual members are best placed to undertake advertising on a commercial basis. However a limited web based advertising campaign continued through the year to drive consumers to our website, reminding everyone that ‘Without a travel agent, you’re on your own’.

AIRLINE ISSUES

The year under review began with New Zealand now falling under IATA Resolution 818g which also covered Australia and the South West Pacific, with the various rules being included in the IATA Travel Agent’s Handbook which all accredited travel agents receive.

The board continued to have a good working relationship with the airlines. The old IATA Executive Council based on equal agent-airline representation had previously been the forum for open discussion and debate and under Rule 818g this was renamed the Agency Programme Joint Council (APJC) but fundamentally operated in the same manner.

The APJC first met in September 2008 with a second meeting in March 2009. TAAZ has been keen to establish a Financial Working Group as a sub-committee of the APJC to review agents' financial criteria however this has been stymied by the airlines concern that such discussions could be in breach of competition laws.

THE TAAZ BONDING SCHEME

The TAAZ Bonding Scheme is in many ways the key reason why TAAZ as an organisation exists. It continues to work well for both the consumer and the airlines through a revamped TAAZ Airline Agreement and has had a strong year with only a single, relatively small claim being experienced.

Over the past few years there have been a few ups as well as downs. In 2004 we experienced a major collapse (World Travel Associates) that, along with lesser failures, left the Bonding Scheme out of pocket by \$289,876. In 2005 we clawed much of this back and made other recoveries from earlier claims which put us in the black by \$349,544. In 2006 we experienced another loss of \$100,393 with three failures - one of them being of major proportions (Summit Travel BL Ltd). In the last three years it has been back to recovery mode with surpluses of \$103,431 in 2007, \$147,886 in 2008 and \$34,802 this year.

This surplus has increased the accumulated funds of the TAAZ Bonding Scheme from \$1,791,123 to \$1,825,925, which places us in a very healthy position. In addition the Bonding Scheme has a half share in the Airline Agreement Contingency Fund which totals \$253,528.

During the year under review the following claims, adjustments and repayments took place.

- International Youth Holidays Ltd
Claim - \$2,092
This company defaulted at the very end of the year under review and further claims are expected next year. The total should not exceed \$25,000 and it is anticipated that all of this will be recovered, ensuring all claims will be settled without loss.

In early 2006 Summit Travel BL Limited trading as Summit Travel, Auckland collapsed resulting in losses to the TAAZ Bonding Scheme of over \$173,000, one of the largest TAAZ member defaults in recent years.

TAAZ considered that the default and the loss to the Bonding Fund were brought about by deceit by the company and its directors. During the year TAAZ issued proceedings against the directors and those that were acting as directors, in their personal names.

Those sued were:

- Hanxin Liu of Mt Eden, Auckland, Company Director
- Balwinder Singh of Papatoetoe, Manukau, Unemployed
- Jasbir Singh of Papatoetoe, Manukau, Chef

In October 2008 each of the three defendants consented to judgement being entered against them and each of them undertook in writing not to be directly or indirectly involved in any form with any travel agency that sells, markets or promotes domestic or international travel in the future.

Members should be aware of the names of the directors involved and advise the Secretariat should they become aware of their involvement in any form of travel agency business in the future. Members should also note that TAAZ will take all reasonable steps, including where necessary court proceedings, to protect the TAAZ Bonding Scheme and to recover moneys it is required to pay out on claims against the Bonding Fund.

Although we have processed many claims on our Bonding Scheme over the years we generally recover and settle without loss which proves the importance of having personal bonds in place.

The track record for our self regulated TAAZ Bonding Scheme remains excellent. The Bonding Scheme has been built up over many years by way of levies charged to members and we continue to be proud of the fact that no consumers have suffered financial loss over the default of one of our members.

In the 29 years since our Bonding Scheme was initiated we have processed claims of \$3.2 million and recovered through bonds \$2.5 million. We have protected over 2000 consumers, so our self-regulated Bonding Scheme has served TAAZ, the airlines and consumers well.

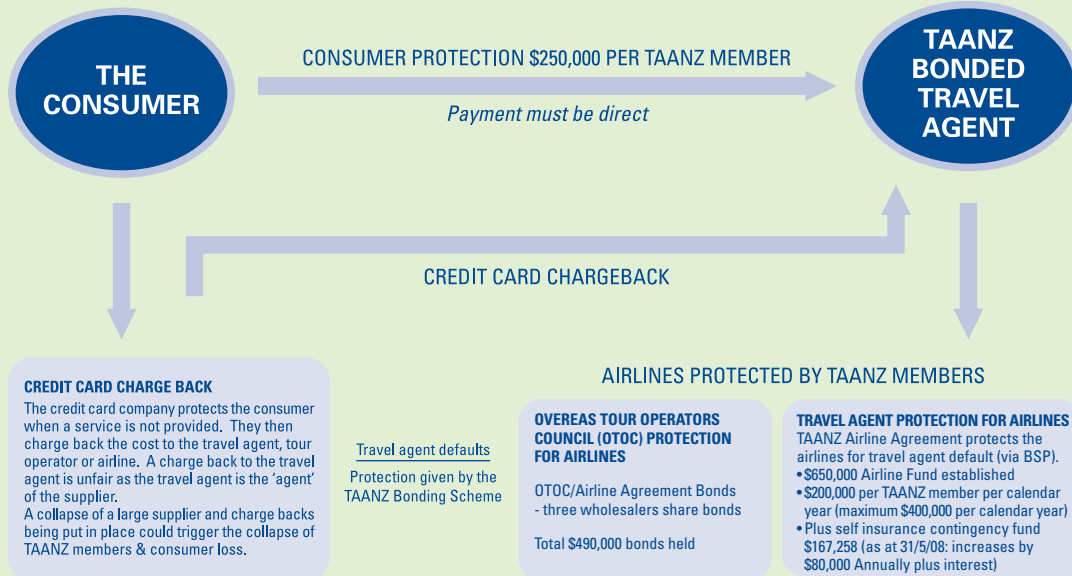
With an historical average of three claims a year to deal with and the increasing strain being placed on some agents as they cope with managing in a more competitive and financially challenging environment, it is becoming more important for TAAZ and the Bonding Authority to take a firm line on members meeting their obligations under the Bonding Regulations. It may not always make us popular with our members for tightening up on our requirements but those same members will not thank us if we have a string of agent defaults that plunder the Bonding Fund.

As a matter of record, it is important that we restate in each years annual report the value of such a scheme. Many countries have government licensing but TAAZ, through self regulation, offers the

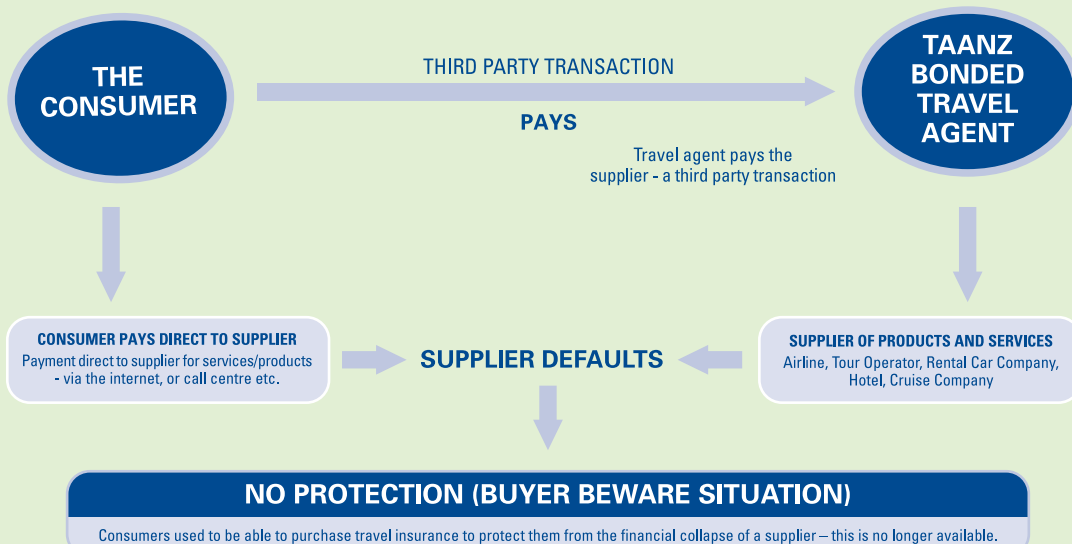
THE TAANZ BONDING SCHEME

The TAANZ Bonding Scheme works well for the consumer and the airlines through the TAANZ Airline Agreement. It is the linchpin for TAANZ as an Association.

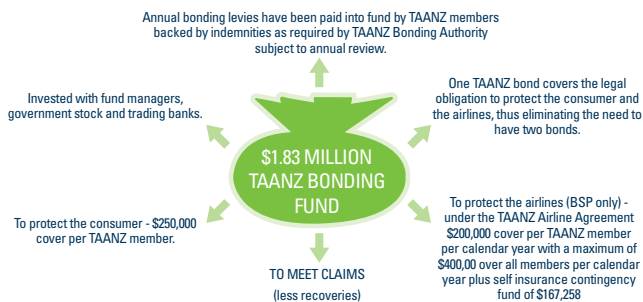
HOW TAANZ PROTECTS THE CONSUMER AND THE AIRLINES



WHEN IS THE CONSUMER NOT PROTECTED



consumer the only means of protection, particularly now that travel insurance companies no longer offer protection in their travel insurance policies for third party supplier or airline defaults.



The Benefits of the TAA NZ Bonding Scheme are:

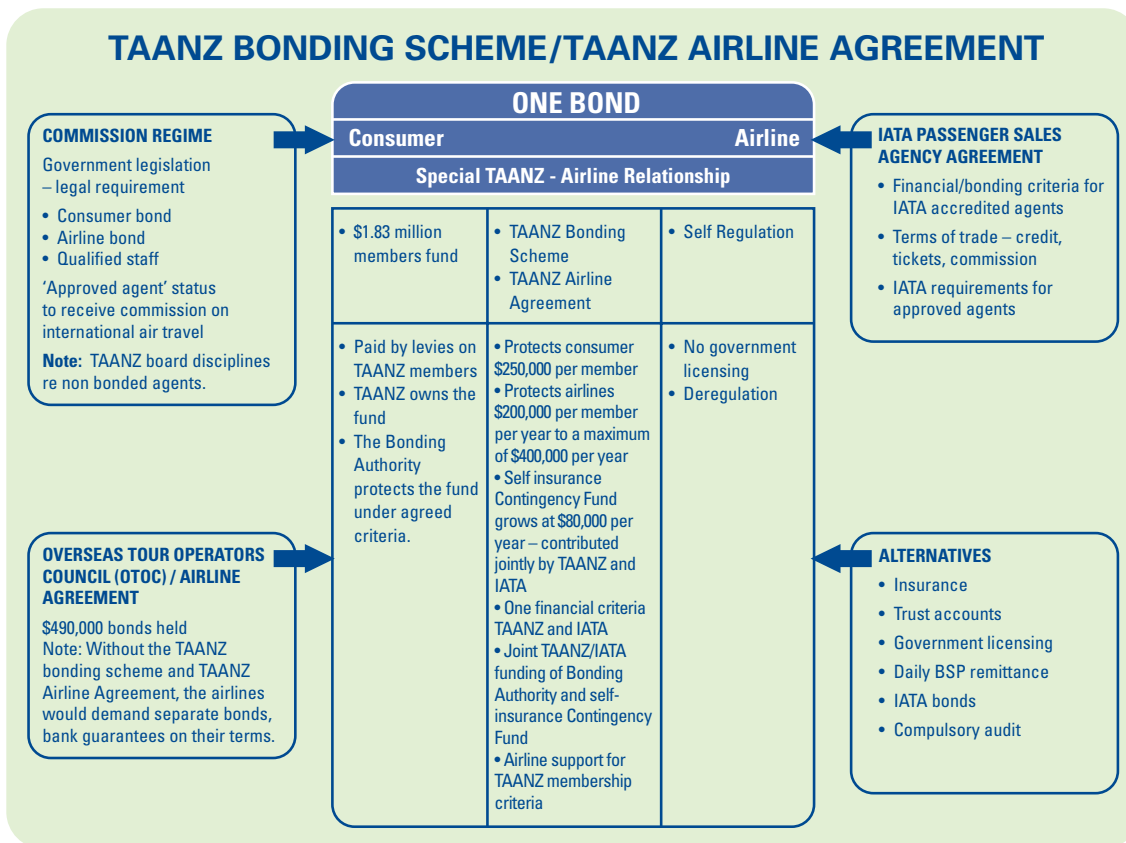
- Credibility for TAA NZ and its members in their relationship with the consumer, government and travel and tourism industry.
- Quality control by self-regulation – TAA NZ membership, financial and bonding criteria.
- A marketing tool to promote the TAA NZ bonded travel agents as advocates for the consumer – trust, reliability and dependability.
- The current TAA NZ Bonding Scheme costs for individual members are likely to be substantially less expensive than the various alternatives that could be imposed by the airlines should the TAA NZ Bonding Scheme be discontinued.

In New Zealand there is no government licensing so the TAA NZ criteria for membership, bonding and financial assessment are on a self regulation basis and have been in place with regular amendments since 1967. Major reviews of the TAA NZ Bonding Scheme were undertaken in 2001, 2003 and again in 2006.

The TAA NZ Airline Agreement has been in place since 1983 and, despite occasional misgivings, has worked well. Following a full review in 1993/94 members voted overwhelmingly by postal ballot to continue the TAA NZ Airline Agreement and changes were made again in 1997.

Subsequently it was consistently rolled over, usually for a two year period and continued in this vein until 30 June 2006. Just prior to this the board was involved in discussions with the airlines that sought not to simply roll it over once again but to look at new opportunities to improve the agreement for both parties. To allow this to occur the parties extended the Agreement until 31 December 2006.

A proposition was developed by the TAA NZ board and with the goodwill of the airlines was negotiated over the latter part 2006 and eventually signed off to take effect on 1 January 2007. This Agreement retains the basic protection mechanisms of the old Agreement but takes on an entirely new structure which involves both parties joining in a self insurance scheme and investment fund that could eventually bring far reaching financial returns for TAA NZ members.



The parties have now forgone the previous layer insurance cover which has cost TAANZ and the airlines over half a million dollars in premiums since 1992 and which was never claimed on. TAANZ and the airlines have now begun building a jointly owned contingency fund to do the same job. After a few years this investment fund should be at a level that requires no further topping up and so some substantial cost savings will accrue to everyone.

The Agreement runs for three years until 31 December 2009 and automatically extends for ongoing periods of one year on a rolling basis unless the parties decide otherwise.

TAANZ believes that whilst there is obviously a risk in self-insurance, it is extremely small. Should TAANZ take a big loss brought about by a major agency collapse then there remains the option of reverting to the old scheme and taking out new insurance cover. Whilst there have been occasional misgivings amongst agents about the Bonding Scheme and Airline Agreement in the past, it has worked well over the years. The costs for TAANZ members in running such a scheme are likely to be substantially less than any alternatives that would be imposed by the airlines should the Bonding Scheme be discontinued. TAANZ remains mindful of costs to its members so this revision was driven by the prospect of savings in the medium term.

The basics of the current Agreement include:

- A Consumer Fund which protects consumers up to \$250,000 per TAANZ member during any one year.
- An Airline Fund which protects the airlines up to \$200,000 per annum per TAANZ member to a maximum of \$400,000 in any one year.

- A jointly owned Contingency Fund into which both TAANZ and the Airlines deposit \$40,000 each annually. The Fund currently stands at \$253,528 including interest earned. By the start of 2010 this investment fund will reach \$333,000 plus interest and half of the Fund will then become available to access should there be a major claim. This Fund will only be drawn upon if the Airline Fund claim maximums are exceeded in any one year.

OTOC

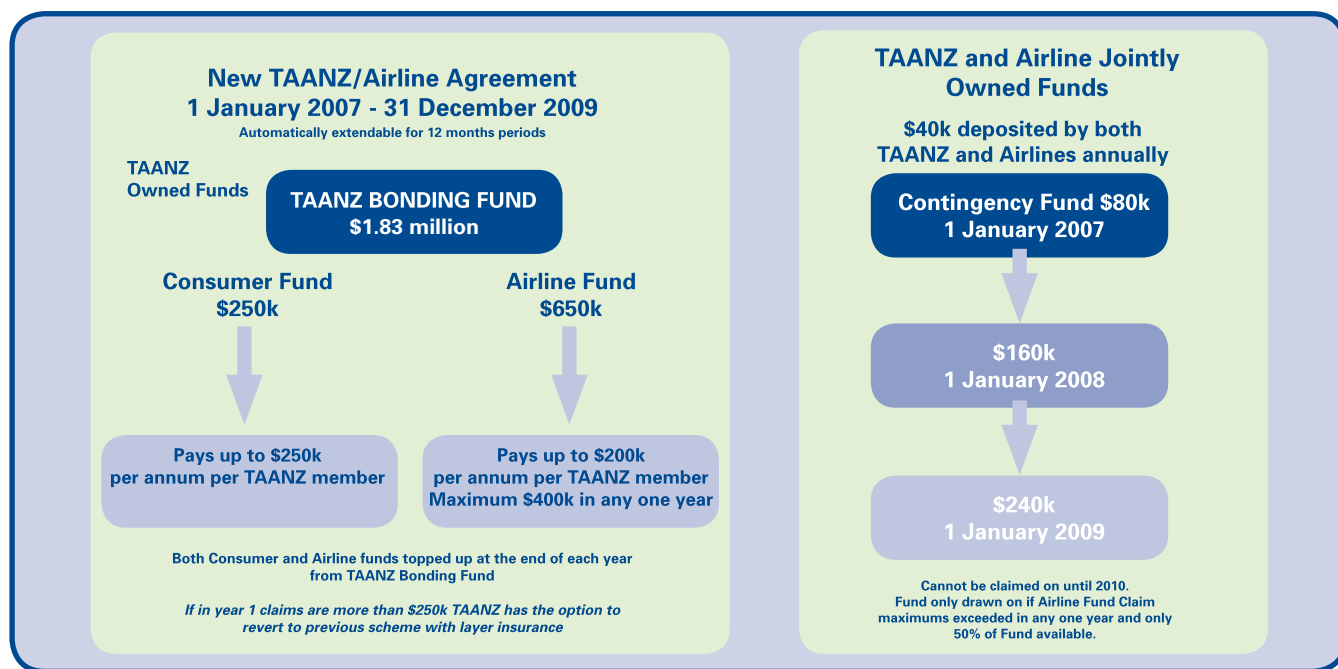
The Outbound Tour Operators Council (OTOC) Airline Agreement, like the TAANZ Airline Agreement was due to expire on 30 June 2006 and was extended for a period of three months until 30 September 2006 to allow the members to discuss proposed changes to the level of contributions to the OTOC Fund.

New arrangements were signed off by the two major agency groups who participate in Tier One with both agreeing to new levels of contributions to the \$440,000 Bond.

Within Tier Two there had been many changes to the membership since the Agreement was last negotiated in 2004 with only six members remaining. Faced with large increases in contributions to the \$150,000 Bond they agreed to disband the arrangement and run future transactions through their TAANZ IATA plates and thus be subject to an increased TAANZ Bond.

This took effect on 1 June 2007 and now leaves OTOC with only two Tier One members and a single Tier Three member.

TAANZ had held approximately \$40,000 in trust for several years on behalf of defunct OTOC members and the remaining members this year agreed that this should



be absorbed by TAANZ to cover historical legal costs associated with the collapse of these members. This windfall income greatly assisted our positive financial result for the year.

INTERNATIONAL AFFAIRS

TAANZ became a founding member of the World Travel Agents Association Alliance (WTAAA) four years ago and our President attends meetings of the Alliance twice annually.

The WTAAA has now been incorporated as an International Association under Belgian law and a website was established during the year, with TAANZ sharing some of these costs.

A number of key subjects were discussed during the year including E-Ticketing, Consumer Protection Plan opportunities and the American Society of Travel Agent's (ASTA) Green Programme, which TAANZ has investigated for likely implementation in New Zealand.

In particular we continued to have a close relationship with AFTA as we have much in common with our Australian counterparts and their industry, especially with the growing cross-Tasman ownership of agents and wholesalers. AFTA Chief Executive Mike Hatton retired in late December 2008 and was honoured at a farewell function attended by the TAANZ Chief Executive and Past President for his excellent service to the industry.

OTHER KEY ISSUES

Government Relations

In late 2008 there was a change of government and TAANZ produced a briefing document for the new Minister's of Tourism and Transport to provide background on some issues of interest to TAANZ as well as profiling our organisation and the TAANZ Bonding Scheme that we operate.

The key issues we brought to their attention and our positioning statements included:

- *Protecting the consumer against travel agency collapse*
TAANZ believes that the Bonding Scheme works well and seeks a continuation of no government regulation or intervention in this area.
- *Protecting the consumer against airline collapse*
TAANZ believes that officials should be asked to research the use of similar consumer protection schemes overseas, assess the risks and benefits and work with travel agents and airlines to investigate the viability in establishing such a scheme in New Zealand.
- *Promoting competition*
TAANZ urges the Government to continue with its own liberal approach to competition and deregulation

in the field of air services arrangements and in particular not to consider any protectionist measures in support of Air New Zealand.

- *Keeping government imposed travel taxes to a minimum*
TAANZ does not support the imposition of any government imposed tax on arriving or departing passengers purely for the generation of consolidated revenue and would not support any move to apply such a regime in New Zealand.
- *Minimising government imposed barriers to travel*
TAANZ applauds the recent government decision to investigate the possibility of lowering barriers in Trans-Tasman travel and urges that this be given a high priority, followed by further minimisation for other international destinations. TAANZ also does not support any increase in aviation security to include smaller aircraft operating from provincial New Zealand airports as this is an overreaction that would increase airfares domestically and add an unwarranted layer of expensive bureaucracy that would stifle leisure and hurt business travel.

Training

We continue to work closely with our training organisation, the Aviation, Tourism and Travel Training Organisation (ATTTO) to encourage education and training to meet customer expectations and to encourage members to embrace the national standard.

Two years ago a board sub-committee had been set up to work in conjunction with the NZ Institute of Travel and Tourism (NZITT) and ATTTO to assess possible recommendations for change in our somewhat dated Membership Criteria and Rules Schedule III – the requirements for qualifications for management and staff.

During the year these discussions reached a conclusion with proposals for change to be submitted to our AGM in September 2009.

During the year TAANZ Past President Mr James Langton continued as an ATTTO board member representing the travel sector. The TAANZ Chief Executive continued to be a member of the ATTTO Travel Training Council along with TAANZ board member Andrew Bowman.

SECRETARIAT

TAANZ continues to be served by a number of people in the Secretariat all wearing a multitude of different hats.

In total TAANZ currently has a staffing level of 1 FTE split between three persons, including the Chief Executive.

Madeleine Alberts is our part-time Membership Services Executive, a role that she also performs for ITOC.

Charlie Ives continues his role as Executive Officer, sharing his time between Regional Tourism Organisations New Zealand (RTO NZ), a half-time position and ITOC and TAANZ (sharing the other half).

NZ Institute of Travel & Tourism Executive Officer Tony King provided part assistance to both ITOC and TAANZ until his retirement in February.

The Tourism Industry Association continues to provide accounting and IT support on contract which allows us to operate efficiently.

FINANCE

We have produced a surplus for the year of \$58,610, which was \$21,800 ahead of budget.

Income was up on budget by \$43,000, to \$549,516, mainly due to increased interest on investments and a one-off OTOC payment.

Expenditure was \$17,000 above budget, at \$466,842, mainly due to an unrealised loss on investments.

Accumulated funds have increased from \$981,662 to \$1,040,272 which continues to place us in a very firm position.

THANKS

My thanks go to Madeleine, Tony and Charlie as well as TAANZ President Peter Barlow and other board members for another year of continued support.

Like myself, the Bonding Authority, Dan Williams, has completed his fourth year in office and I greatly appreciate the vital work that he and Mary Hall undertake for our organisation.



Paul Yeo
Chief Executive

TRAVEL AGENTS' ASSOCIATION OF NZ INC. FINANCIAL STATEMENTS INDEX

16	Auditor's Report
17 & 18	Statement of Financial Performance
19	Statement of Movement in Equity
20	Statement of Financial Position
21, 22 & 23	Notes to the Accounts

Audit Report

The Members of the Travel Agents Association of NZ Inc

We have audited the financial statements on pages 3 to 8. The financial report provides information about the past financial performance of the Travel Agents Association of NZ Inc (TAANZ) and its financial position as at 31 May 2009 and its financial position as at that date. This information is stated in accordance with the accounting policies set out on page 7.

Association's Responsibilities

The Association is responsible for the preparation of financial statements that fairly reflect the financial position of TAANZ as at 31 May 2009 and the results of operations for the year ended on that date.

Auditors' Responsibilities

It is our responsibility to express to you an independent opinion on the financial statements presented by the Board.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Board in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the TAANZ's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditors we have no relationship with, or interests in, TAANZ,

Qualified Opinion

We were unable to obtain independent confirmation of opening balances on the financial statements as at 1 June 2008, and we were unable to satisfy ourselves as to those balances by other audit procedures. Any misstatement of these balances would affect the results for the year ended 31 May 2009.

In this respect alone:

- we have not obtained all the information and explanations that we have required; and
- we were unable to determine whether proper accounting records have been kept.

In our opinion, except for adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning opening balances, and any adjustments that might have been found necessary, the financial report on pages 3 to 8 fairly reflects the financial position of the TAANZ as at 31 May 2009 and the results of its operations for the year ended on that date.

Our audit was completed on 24 August 2009 and our qualified opinion is expressed as at that date.

Grant Thornton
Wellington
24 August 2009



FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2009

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MAY 2009

	2009	2008
	\$	\$
INCOME		
Subscriptions & Entrance Fees	367,015	408,792
Subscriptions OTOC	43,007	2,100
RTONZ Secretariat	28,760	16,667
Directory & Information Guide	(28)	13,245
Travel Agents Card	-	-
Sponsorship & Commissions -Telecom	15,000	15,000
Interest & Dividends Received	92,091	80,810
Profit on sale of investments	-	8,677
Office recoveries & Other income	3,671	-
Total Income	549,516	545,291
EXPENDITURE	490,906	440,359
SURPLUS FOR YEAR	58,610	104,932

This statement should be read in conjunction with the accompanying notes and the auditor's report

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MAY 2009

		2009	2008
	Notes	\$	\$
EXPENDITURE			
Annual Report / Annual General Meeting		10,507	11,537
Advertising		2,774	2,072
Air NZ/QF Strategic Alliance		-	-
Airline Agreement		-	-
Audit Fees		5,070	5,786
Airline Negotiations		15,062	19,507
Depreciation	4	29,378	18,480
Directory & Information Guide		16,566	17,314
Computer Exps / General Expenses / Bank Fees		7,954	4,706
Income Tax Expense		24,064	28,372
Insurance		5,544	6,202
Kindred Association Conferences / Meetings		992	2,877
Legal & Professional Fees		37,469	30,311
Marketing		6,485	5,779
Meeting & Board Expenses		16,347	27,330
Members Workshops / Seminars		2,847	2,466
Tourism House Administration & Salaries	8	141,121	129,304
OTOC Expenses		2,100	1,925
Postage		6,419	5,240
President's & Directors' Services / Fees		55,000	51,500
Printing & Stationery		8,419	8,480
Public Relations Consultants		-	140
Research / Special Projects		420	1,891
Subscription/Conference TIANZ		954	1,099
Subscriptions / Publications		1,724	882
TAANZ Website / Internet		14,269	10,422
Telephone / Tolls / Faxes / Rental		6,647	7,984
Travel Expenses		8,094	9,240
Unrealised loss/(profit) on investments		37,758	362
WTAAA/ UFTAA Subscriptions & Meetings/Congress		26,922	27,380
Fixed Asset Write off		-	1,771
Total Expenses		490,906	440,359

This statement should be read in conjunction with the accompanying notes and the auditor's report

STATEMENT OF MOVEMENT IN EQUITY FOR THE YEAR ENDED 31 MAY 2009

	2009	2008
	\$	\$
Total recognised revenues for year	549,516	545,291
Total recognised expenses for year	490,906	440,359
Net Surplus for year	58,610	104,932
Accumulated Funds at Beginning of Year	981,662	876,730
Accumulated Funds at End of Year	1,040,272	981,662

This statement should be read in conjunction with the accompanying notes and the auditor's report

STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2009

		2009	2008
	Notes	\$	\$
ACCUMULATED FUNDS			
Balance at the beginning of the year		981,662	876,730
Net Surplus for the year		58,610	104,932
TOTAL ACCUMULATED FUNDS		1,040,272	981,662
REPRESENTED BY:			
CURRENT ASSETS			
Bank Current Account		16,834	30,297
Bank Call Accounts		12,784	27,110
Term Deposits		-	70,000
OTOC - Bank Accounts	2 & 3	1,680	42,243
OTOC - National Bank Term Deposits	2 & 3	521,337	522,208
Accounts Receivable		7,008	40,832
Bonding Scheme - Current Account		-	8,454
Tax Overpaid		8,526	7,810
Prepayments		105	-
Accrued Income		-	6,604
Total Current Assets		568,274	755,558
CURRENT LIABILITIES			
Accounts Payable		3,911	9,416
Accruals		28,853	24,154
GST Payable		3,226	4,680
Income in Advance		1,250	1,250
OTOC - Airline Bonding Scheme -Members Advances	3	523,922	564,451
Total Current Liabilities		561,162	603,951
		7,112	151,607
NON CURRENT ASSETS			
FIXED ASSETS	4	49,529	78,936
INVESTMENTS	5		
Air New Zealand Shares		212	232
ANZ Nat Bank Bonds		100,819	97,763
RaboBank Securities		390,600	150,000
BNZ Bonds		324,000	301,055
CBA Preference Shares		168,000	202,069
Total Investments		983,631	751,119
Net Assets		1,040,272	981,662

FOR AND ON BEHALF OF THE ASSOCIATION

Chief Executive
24 August 2009



This statement should be read in conjunction with the accompanying notes and the auditor's report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2009

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The Travel Agents Association of New Zealand Incorporated is registered under the Incorporated Societies Act 1908. The Association qualifies for differential reporting as it is not publicly accountable and it is not large as defined by the Framework for Differential Reporting. The Association has applied all the differential reporting exemptions available to it.

The financial statements have been prepared in accordance with generally accepted accounting practice.

MEASUREMENT BASE

The measurement base adopted is that of historical cost with the exceptions that fixed interest investments, other than term deposits, are shown at market value as at balance date.

SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:

Accounts Receivable:

Accounts receivable, are valued at estimated net realisable value.

Goods & Services Tax:

The financial statements have been prepared on a GST exclusive basis.

Fixed Assets:

Fixed assets are recorded at historical cost less allowance for accumulated depreciation.

Depreciation:

Depreciation is calculated on straight line basis at rates that will write off the cost of assets over their estimated useful life, which are as follows:

Office & Computer Equipment	2~5 years
Furniture & Fittings	5 years

Taxation:

Provision has been made for taxation at 30% on taxable income derived from interest and other income.

CHANGES IN ACCOUNTING POLICIES

There was a change to the measurement base for fixed interest investments, other than term deposits as these are now measured at market value as at balance date. The profit or loss on the investments is shown as a line item in the statement of financial position.

2. CONTINGENT LIABILITIES:

TAANZ: There are no contingent liabilities at year end (2008: Nil).

At balance date the OTOC Tier 2 had no pending liabilities. (2008: Nil)

3. OTOC CASH BONDS

The Overseas Tour Operators Council had, during the 1998 financial year written an agreement with the airlines, which requires OTOC members to have cash bonds to protect Airline payments through BSP.

The funds from members who have provided such bonds are shown as investments and call accounts totalling \$523,017 (2008: \$564,451) and the corresponding liability including interest owed at balance date to such members \$523,017 (2007: \$564,451)

These notes form part of the Financial Statements

4. FIXED ASSETS

	2009			2008			Deprn 2009	Deprn 2008
	Cost	Accum Deprn	Book Value	Cost	Accum Deprn	Book Value		
	\$	\$	\$	\$	\$	\$	\$	\$
Office Equipment	86,133	45,298	40,835	86,161	18,805	67,356	26,492	14,169
Furniture & Fittings	2,051	1,634	417	2,051	1,257	794	377	1,802
Leasehold Improvements	14,759	6,482	8,277	14,759	3,973	10,786	2,509	2,509
	102,943	53,414	49,529	102,971	24,035	78,936	29,378	18,480

5. SHARES & FIXED INTEREST INVESTMENTS

All Shares and Investments are shown at market value.

	Number	2009	2008
Air New Zealand	200 shares	\$212	\$232
RaboBank Nederland	420,000 bonds	\$390,600	\$150,000
CBA Preference shares	200,000 shares	\$168,000	\$202,069
ANZ National Bank bonds	100,000 bonds	\$100,819	\$97,763
BNZ Bonds	300,000 bonds	\$324,000	\$301,055

6. COMMITMENTS

At balance date the Association has no capital commitments. (2008: nil).

7. LEASE COMMITMENTS

Tourism and Travel House

The Association's lease expires on 29 September 2012. The rent from 1 November 2006 is \$215 per square metre.

	2009	2008
The commitments (excluding GST) are as follows	\$	\$
- Within one year	31,726	31,726
- One to Two Years	31,726	31,726
- Three to Five years	44,435	76,040

These notes form part of the Financial Statements

8. TOURISM HOUSE ADMINISTRATION & SALARIES

	2009	2008
This is comprised of:	\$	\$
Tourism House Lease/ Overhead expenses	15,978	48,157
Salaries including part time staff	255,486	228,401
ACC Levies	990	665
Other	874	979
	273,328	278,202
Less Recoveries from NZITT & ITOC	(132,207)	(148,898)
	141,121	129,304

9. TAANZ Bonding Scheme

TAANZ manages the operations of the TAANZ Bonding Scheme. The Bonding Scheme is governed by the TAANZ Bonding Committee regulations.

These notes form part of the Financial Statements

TRAVEL AGENTS' ASSOCIATION OF NZ INC. BONDING SCHEME FINANCIAL STATEMENTS INDEX

25	Auditor's Report
26	Statement of Financial Performance
27	Statement of Movement in Equity
28	Statement of Financial Position
29 & 30	Notes to the Accounts

Audit Report

The Members of the Travel Agents Association of NZ Inc Bonding Scheme

We have audited the financial statements on pages 3 to 7. The financial report provides information about the past financial performance of the Travel Agents Association of NZ Inc Bonding Scheme (the Scheme) and its financial position as at 31 May 2009 and its financial position as at that date. This information is stated in accordance with the accounting policies set out on page 6.

Association's Responsibilities

The Association is responsible for the preparation of financial statements that fairly reflect the financial position of the Scheme as at 31 May 2009 and the results of operations for the year ended on that date.

Auditors' Responsibilities

It is our responsibility to express to you an independent opinion on the financial statements presented by the Board.

Basis of Opinion

An audit includes examining a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Board in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the Scheme's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us 'with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditors we have no relationship with, or interests in, the Scheme.

Qualified Opinion

We were unable to obtain independent confirmation of opening balances on the financial statements as at 1 June 2008, and we were unable to satisfy ourselves as to those balances by other audit procedures. Any misstatement of these balances would affect the results for the year ended 31 May 2009.

In this respect alone:

- we have not obtained all the information and explanations that we have required; and
- we were unable to determine whether proper accounting records have been kept.

In our opinion, except for adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning opening balances, and any adjustments that might have been found necessary, the financial report on pages 3 to 7 fairly reflects the financial position of the Scheme as at 31 May 2009 and the results of its operations for the year ended on that date.

Our audit was completed on 24 August 2009 and our qualified opinion is expressed as at that date.

Grant Thornton
Wellington
24 August 2009



Business Advisers & Chartered Accountants
Grant Thornton Wellington, an independent member firm of Grant Thornton New Zealand.
Other independent member firms in Auckland and Christchurch. Grant Thornton New Zealand is a member of Grant Thornton International Ltd

BONDING SCHEME FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2009

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MAY 2009

	Notes	2009 \$	2008 \$
INCOME			
Airline Contributions - Administration & Insurance		70,744	89,548
Approved Sales Persons Levy		36,789	34,375
Bonding Levies - Establishment		26,000	15,000
Bonding Levies - Members		62,065	62,482
Claims & Expenses Net	4,7	(2,092)	59,860
Interest Received		112,495	130,316
Late Accounts - Fines		1,500	15,000
Profit on sale of Shares		(-)	4,725
Total Income		307,501	411,305
EXPENDITURE			
Audit fees		3,600	4,000
Bonding Authority Administration Expenses	2	110,288	141,488
General / Interest / Bank charges		40	75
Income Tax Expense		31,761	42,335
Legal & Professional Fees		47,159	(5,468)
Tourism house fees		36,500	36,500
Unrealised loss/(profit) on investment		(5,687)	-
TAANZ/Airline Agreement Layer Insurance		-	-
TAANZ/ Airline Agreement Contingency Fund	5	49,038	44,489
Total Expenses		272,699	263,419
SURPLUS/ (DEFICIT) FOR YEAR		34,802	147,886

This statement should be read in conjunction with the accompanying notes and the auditor's report

**STATEMENT OF MOVEMENT IN EQUITY
FOR THE YEAR ENDED 31 MAY 2009**

Total recognised revenues for year	307,501	411,305
Total recognised expenses for year	272,699	263,419
Net Surplus for year	34,802	147,886
	<hr/>	
Accumulated Funds at Beginning of Year	1,791,123	1,643,237
Less Transferred to The Airline Fund	(650,000)	(650,000)
	1,141,123	
The Airline Fund	650,000	650,000
	<hr/>	
Accumulated Funds at End of Year	1,825,925	1,791,123

This statement should be read in conjunction with the accompanying notes and the auditor's report

STATEMENT OF FINANCIAL POSITION AS AT 31 MAY 2009

		2009	2008
	Notes	\$	\$
ACCUMULATED FUNDS			
Balance at Beginning of Year		1,791,123	1,643,237
Surplus for Year		34,802	147,886
TOTAL ACCUMULATED FUNDS		1,825,925	1,791,123
REPRESENTED BY:			
CURRENT ASSETS			
BNZ Current Account		11,651	11,635
National Bank Current Accounts		189,052	169,457
Term Deposits ANZ		100,000	200,000
Term Deposits BNZ		200,000	200,000
Term Deposits National Bank		-	500,000
Term Deposit - Airline Fund		656,197	-
Term Deposits Westpac		300,000	300,000
Term Deposit- (Airline Agreement Contingency Fund)	5	253,528	167,258
Members Deposits - BNZ Term Deposits	6	3,027,345	3,624,635
Accounts Receivable		7,329	17,466
GST Refund		4,184	3,032
Accrued Income		15,409	15,703
Total Current Assets		4,764,694	5,209,186
CURRENT LIABILITIES			
Accounts Payable		16,729	13,859
Accruals		4,000	4,000
Tax Payable		3,168	-
TAANZ Current Account		-	8,454
Airline Agreement Contingency Fund	5	253,528	167,258
Members Deposits and Interest	6	3,027,345	3,624,635
		3,304,769	3,818,205
WORKING CAPITAL		1,459,925	1,390,981
NON CURRENT ASSETS			
INVESTMENTS			
	8		
BNZ Bonds		105,000	99,437
BNZ Unsubordinated Notes		216,000	200,705
Canterbury Mortgage Trust		45,000	100,000
Total Investments		366,000	400,142
NET ASSETS		1,825,925	1,791,123

FOR AND ON BEHALF OF THE ASSOCIATION

Chief Executive
24 August 2009



This statement should be read in conjunction with the accompanying notes and the auditor's report

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2009

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The Bonding Scheme of the Travel Agents' Association of New Zealand Incorporated was set up by the Association by virtue of Rule 5 of the Constitution and Rules, which provides that full members of TAANZ are required to complete a bond. The Scheme is governed by the TAANZ Bonding Committee Regulations which are by-laws made by the Board of Directors pursuant to Rule 35(e) of the Constitution and Rules of TAANZ.

The Bonding Scheme qualifies for differential reporting as it is not publicly accountable and it is not large as defined by the Framework for Differential Reporting. The Association has applied all the differential reporting exemptions available to it.

The financial statements have been prepared in accordance with generally accepted accounting practice.

MEASUREMENT BASE

The measurement base adopted is that of historical cost with the exception that fixed interest investments, other than term deposits, are shown at market value as at balance date.

SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:

Accounts Receivable:

Accounts receivable, are valued at estimated net realisable value.

Goods & Services Tax:

The financial statements have been prepared on a GST exclusive basis.

Investments

Fixed term investments, other than term deposits, are shown at a straight line basis to maturity by writing up discounts or writing down premiums on purchase.

Taxation:

Provision has been made for taxation at 33% on taxable income derived from interest and dividends.

CHANGES IN ACCOUNTING POLICIES

There was a change to the measurement base for fixed interest investments, other than term deposits as these are now measured at market value as at balance date. The profit or loss on the investments is shown as a line item in the statement of financial position.

2. ADMINISTRATION COSTS

It is expected that 50% of the 2009 administration costs will be recovered from the airlines (2008: 50%)

3. CONTINGENT LIABILITIES:

Claims are recognised in the financial statements when, after due investigation, they are admitted by the Bonding Committee. There are no contingent liabilities at balance date.(2008:\$nil)

These notes form part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. NET CLAIMS & EXPENSES

	Net cost / (income) 2009	Net cost / (income) 2009
MEMBER		
International Youth Holidays	2,092	-
World Travel (1995) Ltd	-	(59,860)
	<u>2,092</u>	<u>(59,860)</u>

5. TAANZ AIRLINE AGREEMENT

The 1997 TAANZ/Airline Agreement expired on 31 December 2006. The Agreement made provision for protection by way of layer insurance, the premiums for which were jointly contributed by the airlines and TAANZ. From 1 January 2007 a new TAANZ/Airline Agreement came into effect whereby both TAANZ and the airlines have established a Contingency Fund which forms the basis of a self insurance scheme and both contribute equally to.

6. CASH BONDS

The funds from members who have provided a cash bond are shown as investments totalling \$3,027,345 (2008:\$3,624,634). The corresponding liability including interest owed at balance date to such members is \$3,027,345 (2007: \$3,624,634).

7. CLAIMS RECOVERABLE

There are no claims recoverable at balance date, (2008 nil).

8. INVESTMENTS

	2009 \$	2008 \$
BNZ bonds	105,000	99,437
BNZ Unsubordinated Notes	216,000	200,705
Canterbury Mortgage Trust *	45,000	100,000

* Canterbury Mortgage Trust has appointed a Manager to wind up the Trust. The first capital payment of 40% was made in April 2009. The Trust intends to make quarterly capital distributions with the next one due in July 2009. The Investment of \$100,000 has been written down by 15% to \$85,000 less the first capital payment (\$40,000), this is based on a conservative estimate of total capital repayment provided by Canterbury Mortgage Trust. All other Investments are shown at market value.

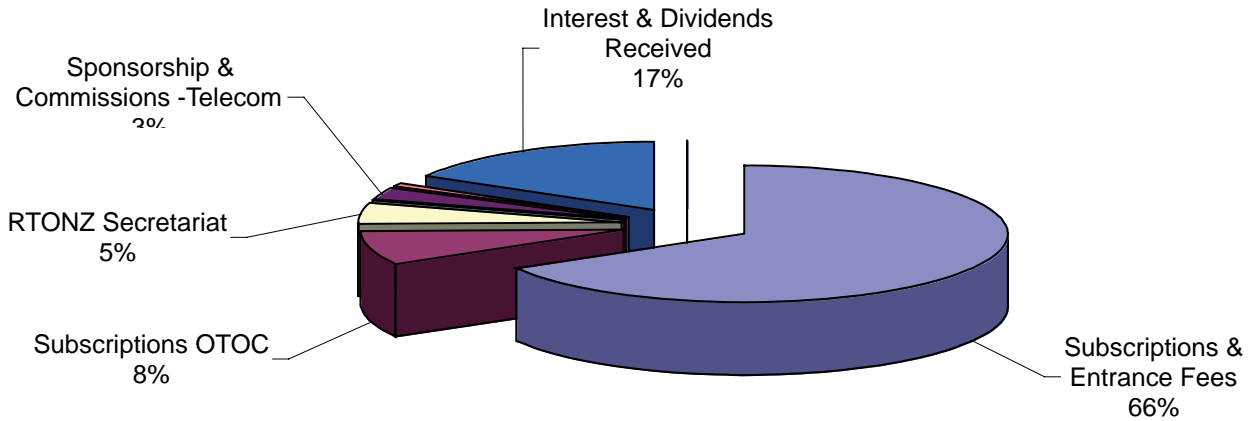
9. TAANZ Bonding Scheme

TAANZ manages the operations of the TAANZ Bonding Scheme.

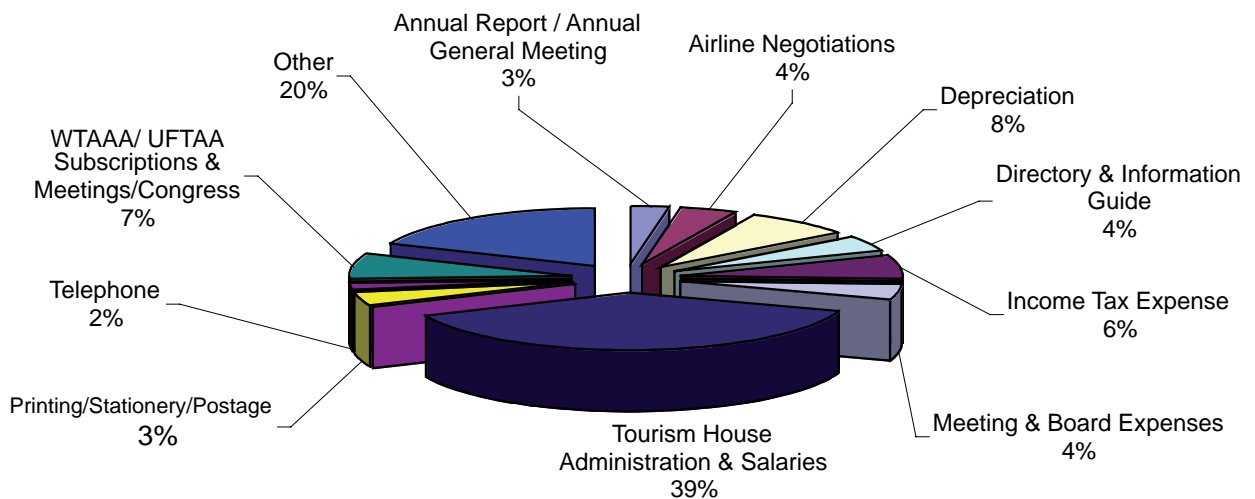
These notes form part of the Financial Statements

FINANCIAL PIE CHARTS

WHERE TAANZ GETS ITS INCOME



HOW TAANZ SPENDS YOUR FEES







THE TRAVEL AGENTS' ASSOCIATION OF NEW ZEALAND

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