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# TAANZ Talks

## Broker Working Group Recommendations and TAANZ Board Endorsements

Dear All,

Over the last two months a working group consisting of broker businesses was formed with the intent of discussing how this important channel could be modernised within the context of TAANZ rules to consolidate and help broaden the channel for all members. 'The customer' figured largely in these discussions, as did ensuring that TAANZ full members' rights were maintained. The terms of reference for the group were such that any recommendation must be unanimously supported to then be tabled to the TAANZ Board for its review. The groups; Travel Managers, The Travel Brokers, The NZ Travel Brokers, House Of Travel and Mondo World Travellers agreed on a set of proposals which were reviewed by the TAANZ Board on the 26<sup>th</sup> November. Of the four recommendations tabled three were endorsed as follows:

**BWG recommendation 1: Broker indemnification to be included in all new applications**  
**Accepted with variation.** The Board has asked TAANZ to amend the broker application process to provide the full member the opportunity to verify that a contract containing an appropriate statement of indemnity has been formed. The Board has agreed the following process be instituted:

- TAANZ receives an application from a full member for approval of an applicant broker including confirmation of the indemnity held. This will most likely be in the form a 'tick' box on the application.
- TAANZ reviews the application and if it meets all requirements the applicant will be approved.
- The Board further recommended that full members use the following clauses from the broker contract template available on the TAANZ members pages of the TAANZ website.

*4.1 The Approved Travel Broker will indemnify the Company and/or its directors in respect of any loss, damage, penalty, or costs which the Company and/or its directors may suffer as a result of the Approved Travel Broker breaching any term of this Contract. This indemnity will not expire with the Contract but will continue to cover any breach which may have occurred during the term of this Contract.*

*4.2 The Approved Travel Broker shall indemnify and keep indemnified the Company for payment of any taxes, fees, penalties, or other charges imposed on the Company or the Approved Travel Broker arising out of or in relation to this Contract. This indemnity will not expire with the Contract but will continue to cover any breach which may have occurred during the term of this Contract.*

The Board also supported that the Bonding Authority reserve the right to ask for evidence of the indemnity in the normal course of its dealings with members or should a need arise.

### **BWG recommendation 2: Broker Branch Approvals**

Accepted with additional criteria. The Board accepted that applications for approved locations may be submitted where the full member does not 'wholly own' the location. The Board has asked that applications of this nature be submitted per the current TAANZ branch location application procedure and criterion and further support documentation be additionally provided to verify:

- a) That the applicant intends to utilise the full member's BSP, the BSP number, and the intended turnover of the location, and, or, if consolidating, a statement of those arrangements and the intended turnover.
- b) That the applicant will utilise the full member's client trust account, and,
- c) A copy of the lease in the name of the leaseholder of the location, and,
- d) For new applicants only, an approved broker application.
- e) That an appropriate complaint resolution process is in place and referred with the application.

The Board was of the view that such a criteria would provide assurance that appropriate controls were in place between the full member and the applicant and as such, the location would be assigned the rights currently reserved for 'wholly owned' locations.

The application form will be redesigned to accommodate the added criteria.

### **BWG recommendation 3: Remove the requirement that a broker advertises the physical street address of the full member**

Accepted with rule change. The requirement to display the physical street address of the full member is referred in Rule 12. As such, the Board has agreed to a postal vote to amend and remove the requirement to be conducted as soon as practicable in 2016. The Board supported the continued reference of the Full Members business name in all approved travel broker signage and advertising.

### **BWG recommendation 4: Broker advertising classifications and corresponding fees**

- a) Home based. 90% of brokers operate from a home address.

*No change to fees or to advertising rights has been fully supported.*

**Accepted. No change**

b) Office location (non - approved location).

*A small percentage of brokers operate from an office which is a shared premise and is not accessible to the public. No change to fees to advertising rights has been full supported. It is a current requirement the office be disclosed to TAANZ for new applicants.*

**Accepted. Brokers intending to work in such situations should advise TAANZ at application, or in retrospect if situations change.**

c) Office location (approved location).

*Under the recommendation that whole or full ownership be replaced by indemnification, control and risk control, any branches approved would enjoy the same benefits of any branch member. No fee change supported.*

**Accepted per Recommendation 2, above.**

d) Travel agency services advertised online.

*This was not a conclusive discussion. Most brokers have an online travel agency presence in social media. The intent was to try and classify the advertising rights of a broker working through its own website upon which it offered travel agency services. The classification would attempt to define what the online trader may state about its travel agency services and what this might cost per annum. Would it need to satisfy any further controls, risks or criteria?*

**Not supported.** The Board was of the view that an approved travel broker may choose to become a full member of TAANZ or apply for an approved location of a TAANZ full member and in doing so be eligible to present itself as a travel agency to members of the public.

The Board recognises the good faith in which the Broker Working Group has entered the consultation on these matters and wishes to express its thanks for helping to shape the future of this important growth channel.



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TAANZ Website

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