

## Submission

<b>To:</b>	The Ministry of Transport; <a href="mailto:airservices@transport.govt.nz">airservices@transport.govt.nz</a>
<b>Date:</b>	28 July 2015
<b>From:</b>	Kevin Bowler, Chief Executive, Tourism New Zealand 147 Victoria Street West, Auckland <a href="mailto:kevin.bowler@tnz.govt.nz">kevin.bowler@tnz.govt.nz</a>
<b>Regarding:</b>	Application to the Minister of Transport by Qantas and American Airlines, seeking reauthorisation of an expanded Joint Business Agreement.
<b>Title:</b>	Tourism New Zealand responds to the application by Qantas and American Airlines, seeking reauthorisation of an expanded Joint Business Agreement.
<b>Action:</b>	For consideration

## **BACKGROUND**

1. On 12 June 2015, Qantas and American Airlines applied to the Minister of Transport, pursuant to section 88 of the Civil Aviation Act 1990, seeking reauthorisation of an expanded Joint Business Agreement (JBA).
2. Under the expanded JBA, the airlines propose to continue to coordinate their operations on the trans-Pacific, including coordination in respect of marketing and sales, freight, pricing, scheduling, distribution strategies including agency arrangements, yield and inventory management, frequent flyer programs, lounges, joint procurement and product and service standards. The Joint Business Agreement covers coordination of operations between and within Australia/New Zealand and the United States, Canada and Mexico (Trans-Pacific Routes).

## **TOURISM NEW ZEALAND RESPONDS**

3. In summary Tourism New Zealand supports the proposed alliance for the following reasons:
  - a. The applicant suggests the JBA could lead to enhanced trans-Pacific aviation links which if they eventuated would most likely provide benefit to the economy through increased inbound tourism and export business opportunities.
  - b. The United States is New Zealand's third largest tourism market. Any activity that enhances sustainable connectivity between New Zealand and the USA in particular will deliver improved inbound tourism benefits.
  - c. A new trans-Pacific service would provide greater choice for travellers who have a preference for One World airlines and more departure times.
4. Tourism New Zealand supports the proposed alliance as enhanced trans-Pacific aviation links will most likely enhance both tourism and business traffic and expenditure. In turn, this will deliver benefits to the New Zealand economy.
5. Visitor arrivals from the USA for the year-ending June 2015 numbered 233,000 up 10.2 per cent on the previous year. The USA is New Zealand's third largest source of visitor arrivals and a key target market for Tourism New Zealand's marketing activity.
6. Visitors from the USA are typically above average value with average spend \$3,700 per visitor to New Zealand in the year to end March 2015 compared with the average visitor being \$2,700 (Source: International Visitor Survey; Ministry of Business, Innovation and Employment) .
7. USA visitors also feature strongly among New Zealand's high end tourists representing 36.4% of Luxury Lodges of New Zealand revenues (2015 Luxury Lodges Association members). The presence of First Class cabins will be a welcome service benefit to high end passengers

travelling across the Pacific.

8. Tourism New Zealand believes there is significant growth potential out of the USA that will be realised through enhanced aviation links.
9. In summary, the continuation of a JBA between Qantas and American Airlines will provide greater choice for travellers who wish to travel with the One World network which will undoubtedly result in further growth from this important inbound tourism market. .

## **ABOUT TOURISM NEW ZEALAND**

10. Tourism New Zealand is a Crown Agent governed by the Crown Entities Act CEA 2004. We were established by the New Zealand Tourism Board Act 1991, to market our country as an international visitor destination for the long-term benefit of New Zealand.
11. We aim to improve tourism's contribution to economic growth by growing the value of international visitors to New Zealand.
12. Our statutory functions under the CEA Act include to:
  - a. Develop, implement and promote strategies for tourism.
  - b. Advise the Government and the New Zealand tourism industry on matters relating to the development, implementation and promotion of those strategies.
13. As New Zealand's National Tourism Organisation, we are the only publicly funded entity within our country with the mandate and resources to promote 'destination New Zealand' to potential visitors.
14. While advertising and promotion activity is where we focus many of our resources, our marketing also extends to co-operative marketing with international travel sellers and airlines, engaging with New Zealand tourism operators, providing information for visitors, and providing assurance of the quality of New Zealand's tourism product and experiences.
15. Tourism New Zealand is governed by a Board of Directors, appointed by the Minister of Tourism, which delegates day-to-day management of the organisation to the Chief Executive.
16. Tourism New Zealand has 13 off-shore offices, two in New Zealand, and around 160 staff.