

Submission

To:	The Ministry of Transport; airservices@transport.govt.nz
Date:	18 July 2016
From:	Kevin Bowler, Chief Executive, Tourism New Zealand 147 Victoria Street West, Auckland kevin.bowler@tnz.govt.nz
Regarding:	Application by Air New Zealand and United Airlines for authorisation of a Side Agreement to the current Alliance Expansion Agreement.
Title:	Tourism New Zealand responds to the application by Air New Zealand and United Airlines for authorisation of a Side Agreement to the current Alliance Expansion Agreement.
Action:	For consideration

BACKGROUND

1. Air New Zealand and United Airlines have submitted an application for authorisation of a Side Agreement to the Alliance Expansion Agreement previously entered into between the applicants and authorised by the Ministry of Transport in 2002.
2. If authorised, the Side Agreement would remove Carve-outs in the 2002 authorisation that prevent price co-ordination between the applicants on certain New Zealand point-of-sale Los Angeles fares.

TOURISM NEW ZEALAND RESPONDS

1. In summary Tourism New Zealand supports the proposed Side Agreement:
 - a. It supports the points made by Air New Zealand regarding the change in economic conditions removing the need for the carve-outs and the fact that it will provide a level playing field with other airlines.
 - b. A strong and competitive airlines industry is needed to maintain recent growth in airline capacity between New Zealand and the USA. It is important to support the success of airlines to ensure their long-term commitment to the routes, resulting in more choice for consumers.
 - c. 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.
2. Visitor arrivals from the USA for the year-ending May 2016 numbered 255,000 up 10.5 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.
3. Visitors from the USA are typically above average value with average spend \$5,000 per visitor to New Zealand in the year to end March 2016 compared with the average visitor being \$3,490 (Source: International Visitor Survey; Ministry of Business, Innovation and Employment) .
4. Tourism New Zealand believes there is significant growth potential out of the USA that will only be realised through the long-term viability of carriers.

ABOUT TOURISM NEW ZEALAND

5. 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.
6. We aim to improve tourism's contribution to economic growth by growing the value of international visitors to New Zealand.
7. 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.
8. As New Zealand's National Tourism Organisation, we are the primary, publicly funded entity within our country with the mandate and resources to promote 'destination New Zealand' to potential visitors.
9. 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.
10. 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.
11. Tourism New Zealand has 13 off-shore offices, two in New Zealand, and around 160 staff.

