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Re-authorisation of the Air New Zealand & Cathay Pacific Strategic Alliance

Tourism New Zealand is submitting in support of the proposed re-authorisation of the Air New Zealand & Cathay Pacific Strategic Alliance between New Zealand and Hong Kong (AKL/HKG & CHC/HKG).

The Air New Zealand & Cathay Pacific Alliance assists Air New Zealand to market destination New Zealand in Hong Kong through the ability to jointly market New Zealand to Cathay Pacific's customer base. The Alliance capacity between NZ and HK was up 9% by the end of the pre-pandemic period, compared to pre-Alliance levels. Cathay Pacific recently reintroduced its seasonal CHC-HKG service, the first seasonal service Cathay Pacific re-introduced across its whole network following COVID-19.

The Alliance has contributed to increased visitor arrivals from Hong Kong. Compared to the pre-Alliance year, total inbound visitors to New Zealand travelling on Alliance services increased by 26,817 for calendar year 2019. Based on Ministry of Business, Innovation and Employment's data, the average tourist expenditure in New Zealand for the year ending Dec 2019 was \$3,400. Therefore, this increase in passengers represents a value of NZD\$91 million to the New Zealand economy. By 2019, visitors to New Zealand arriving from Hong Kong had increased by over 100% compared to 2012.

Tourism New Zealand considers that the re-authorisation of this Strategic Alliance will lead to further sustainable increases in air capacity between Hong Kong and New Zealand. Capacity increases tend to lead to increased destination marketing, as airlines work to fill capacity on offer. Further to this visitor arrivals on Cathay Pacific have shown a significant increase over the period of the Alliance in connecting onto Air New Zealand's domestic network benefiting the regions.

Improving New Zealand's air connectivity across the globe - in particular with improved connections and options for visitors from Europe and greater China is a priority for Tourism New Zealand.

The alliance relationship has delivered stability of services to New Zealand in a market where carriers otherwise have to react to demand fluctuation. The stability of services that the alliance relationship delivers allows organisations like Tourism New Zealand to make its own investment decisions in alignment with this long-term partnership. Such partnerships deliver long term tourism growth for New Zealand. We are pleased to support the re-authorisation application.

Yours faithfully,

René de Monchy
Chief Executive