

16 November 2017

Sonya van der Geer

Principal Adviser

Ministry of Transport

PO Box 3175

Wellington 6011

By email - airservices@transport.govt.nz

Re: Application for Re-authorisation – Qantas Emirates Restated Master Coordination Agreement

Tēnā koe Sonya,

Tourism Industry Aotearoa (TIA) welcomes the opportunity to comment on the Application for Re-authorisation of the Qantas Emirates Restated Master Coordination Agreement.

TIA is the peak body for the tourism industry in New Zealand. With over 1,500 members, TIA represents a range of tourism-related activities including hospitality, accommodation, adventure and other activities, attractions and retail, airports and airlines, as well as related tourism services.

[Tourism 2025](#), an industry-led, government-supported economic growth framework was launched in New Zealand in 2014 and has set an aspirational goal of reaching \$41 billion in annual tourism revenues by 2025. The industry's focus is on growing value faster than volume. The Tourism 2025 growth framework is based around five key themes which are: Insight, Connectivity, Productivity, Visitor Experience and Target for Value.

Strategic Partners supporting
TIA and the tourism industry

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This framework has been reviewed in 2016 ([Tourism 2025-two years on](#)). While the five themes of the framework remain unchanged, the emphasis in some focus areas has shifted.

Two important actions that came out of the review are:

- *Enabling aviation route development* – New Zealand to continue to pursue a liberal policy for enabling international air services to New Zealand, with a strong focus on liberalising markets which offer the greatest potential for high value visitors and seasonal spread
- *Developing and sustaining air routes* – Airlines and airports to work to develop and maintain new and existing air routes. Tourism industry to work to sustain these routes by ensuring demand levels that support route viability.

TIA supports approval of the Application for Re-authorisation Qantas Emirates Restated Master Coordination Agreement.

Growing sustainable air connectivity is a key theme of the Tourism 2025 growth framework and is seen as a crucial enabler of New Zealand’s visitor industry. The country’s distance from international markets means air services are critical to the country’s global connectivity as such services facilitate not only tourism, but also business, freight and wider trade objectives.

We are of the opinion that Qantas and Emirates have provided solid rationale for why this application for re-authorisation should be approved. We agree that alliances need to evolve to reflect opportunities created by new aircraft technology, shifting traffic flows and consumer demand.

The original Master Coordination Agreement between Qantas and Emirates has created real and substantial benefits to New Zealand, such as improved connectivity. Re-authorisation of the agreement would mean that these benefits continue to exist and most likely would increase even further.

Australia is our largest visitor market. While it is encouraging to see that Qantas is planning to increase daily frequencies between Auckland to both Brisbane and Melbourne offering better connectivity and improved schedule choice, we are concerned that Emirates has stopped its A380 flights across the Tasman. Not having A380s flying across the Tasman mean significant fewer seats across the Tasman. We are pleased to see that the Proposed Conduct would enable Qantas and Emirates to maintain connectivity between Tasman services.

In 2017, non-stop flights from the United Arab Emirates increased by 89%. While these services typically provide options for travellers out of Europe, there is also a measurable impact on the developing Middle Eastern market. The latest Travel and Migration figures¹ show that for YE September 2017 versus 2016 total visitor numbers to New Zealand from the United Arab Emirates increased by 20%.

The latest International Visitor Survey² shows that visitors from Africa and the Middle East are high spending visitors, spending on average 30% more during their stay in New Zealand than the average visitor (YE June 2017). Compared to 2016, spend by visitors from Africa and the Middle East increased by 16%, while the average spend of all visitors did not change. These figures clearly show the importance of both this route and of Middle Eastern visitors to New Zealand.

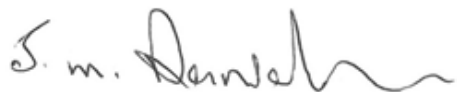
It is important for us that there will be a level playing field for the airlines operating the market. We do not consider that the Proposed Conduct would result in competitive detriment.

¹ Stats NZ, *International Travel and Migration: September 2017, October 2017* – as sourced from http://www.stats.govt.nz/browse_for_stats/population/Migration/IntTravelAndMigration_HOTPSep17.aspx

² MBIE, *International Visitor Survey: Key data*, June 2016 – as sourced from <http://www.mbie.govt.nz/info-services/sectors-industries/tourism/tourism-research-data/ivs/ivs-key-data-tables>

Thank you for providing TIA with the opportunity to provide feedback on this proposal. Please do not hesitate to contact me for more information or clarification.

Ngā mihi

A handwritten signature in black ink, appearing to read "S. M. Hanrahan". The signature is fluid and cursive, with a long horizontal flourish at the end.

Steve Hanrahan

Advocacy Manager Tourism Industry Aotearoa