

16 March 2018

Sonya van der Geer
Principal Adviser
Ministry of Transport
PO Box 3175
Wellington 6011

By email - airservices@transport.govt.nz

Re: Application for authorisation of the Air New Zealand and Singapore Airlines Strategic Alliance

Tēnā koe Sonya,

Tourism Industry Aotearoa (TIA) welcomes the opportunity to comment on the Application for authorisation of the Air New Zealand and Singapore Airlines Strategic Alliance.

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 & other activities, attractions, retail, airports & airlines, as well as related tourism services.

[Tourism 2025](#), an industry-led, government-supported economic growth framework was launched in New Zealand in 2014, setting an aspirational goal of reaching \$41 billion in annual tourism revenues by 2025. The framework has five themes; one of those being air connectivity.

In a review of this framework in 2016 ([Tourism 2025-two years on](#)), a number of important actions were identified, including:

- *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.

As part of our stakeholder consultation in preparation for this Letter of Support, TIA has engaged with several of its members in the air transport sector.

TIA supports approval of the Application for authorisation of the Air New Zealand and Singapore Airlines Strategic Alliance.

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.

Strategic Partners supporting TIA
and the tourism industry

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According to the application, the Strategic Alliance Agreement would lead to improved connectivity with South East Asia. Asia is an important regional tourism market for New Zealand, and is expected to continue growing in importance. For example, Singapore has long been an important transfer stop connecting New Zealand to European, Middle East, and South East Asian markets.

In recent years, Singapore has also become an important visitor market for New Zealand in its own right. Visitor arrivals from Singapore increased by 18.1% between 2015 and 2017, to 58,544 annual arrivals. Arrivals are forecast to increase by an annual 5.7%, up to 84,000 in 2023.¹ It is concerning that in the event the authorisation should be declined, Air New Zealand would withdraw from the Auckland–Singapore route and that Singapore Airlines would operate at a lower capacity to that currently achieved.

According to the application document, being able to effectively compete with other carriers remains a strong commercial driver for the Alliance. For example, the application states *'The Alliance is essential to allowing Air New Zealand to compete with Qantas and other long haul carriers operating to Australia'*. It is important for us that there will be a level playing field for the airlines operating in the market. In our view, a proper analysis by the Ministry of Transport of this level playing field for airlines operating the market is important. We do encourage the Ministry of Tourism to test the applicants' statements that without the Alliance routes will be withdrawn, leading to reduced connectivity and reduced passenger benefits.

Consideration should be given to what the Strategic Alliance brings, and will continue to bring, to New Zealand more widely. The South Island is a regional economy of national significance, still being underserved by international air services compared to Auckland. The Alliance supports the Christchurch–Singapore route and brings increased traffic flows to and through the Christchurch route.

The Alliance has also led to the introduction of a new service between Singapore and Wellington. Although this route will see a few changes from May 2018 onwards, it can still be considered as a direct route between Wellington and Singapore, bringing substantial benefits to Wellington and the lower North Island region.

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



Steve Hanrahan
Advocacy Manager Tourism Industry Aotearoa

¹ StatsNZ, *International Travel and Migration Dec 2017*; and MBIE, *New Zealand Tourism Forecast 2017-2023, May 2017*