Submission on Application of Virgin Australia and Air New Zealand for authorisation of an expanded partnership

Submission from Auckland International Airport Limited to the Ministry for Cities, Environment, Regions and Transport on 6 November 2026

Summary

Auckland International Airport Limited (Auckland Airport) welcomes the opportunity to submit to the Ministry for Cities, Environment, Regions and Transport (the Ministry) on the application by Virgin Australia and Air New Zealand (together, the Applicants) under Part 6 of the Civil Aviation Act 2023 (the Act) for authorisation of an expanded partnership.

Auckland Airport supports the Ministry's Assessment Framework for airline cooperation agreements. It has established a more transparent and consistent basis for assessing airline cooperation.

Genuine competition between airlines is vital for consumers, and any coordination between airlines, including codeshares, joint ventures and alliances, should be assessed on whether it delivers clear benefits for travellers and the wider economy. Under section 199(2) of the Act, the Minister must be satisfied that the arrangement will result in a benefit to the New Zealand public that outweighs any lessening of competition. Auckland Airport assesses each arrangement on its merits against that test.

In summary, Auckland Airport supports this application because, on balance, it is better for New Zealanders than the status quo for the following reasons:

- The benefits to consumers flow in both directions. It would allow two distinct trans-Tasman airline network groupings to compete across Australia, New Zealand, and the Tasman.
- It would serve to replace the codeshare onward connectivity to regional Australia that Air New Zealand customers would otherwise lose given the end of the Air New Zealand and Qantas domestic codeshare arrangement.
- It would improve connections between New Zealand's regions and Australia in both directions.

While Auckland Airport can see benefits for New Zealand travellers, those benefits depend on how the partnership is operated. Consistent with the Ministry's framework, the authorisation should be subject to three key conditions to ensure those consumer outcomes eventuate. They are:

1. Air New Zealand's codeshare with Qantas ends no later than the start of the proposed conduct, and Air New Zealand does not enter a similar codeshare, loyalty, and/or mutual premium lounge access arrangement with the Qantas Group during the authorisation period.

2. Air New Zealand should maintain its trans-Tasman seat capacity at or above pre-authorisation levels, except in a significant industry or market disruption. To support this, the Applicants should be required to report their capacity on the routes covered by any authorisation to the Ministry each year, and if capacity falls, the Ministry should consider whether the authorisation still delivers a net benefit to New Zealanders.

3. As stated in the Application, the proposed conduct does not apply on any trans-Tasman route where the Applicants compete with their own operations (currently trans-Tasman services to and from Queenstown (ZQN) only), and that the Applicants notify the Ministry when their operations begin to overlap on a route.

The trans-Tasman market is of economic significance for both nations

The Tasman is New Zealand's most important international aviation market, reflecting the close economic, social, and family ties between the two countries. Over 600,000 New Zealanders live in Australia and around 86,000 Australians live in New Zealand. As the Applicants note, most trans-Tasman travel is for holidays or visiting friends and relatives, rather than business.

Tourism also plays a significant role in trans-Tasman aviation. Australians accounted for 43% of New Zealand's international visitor arrivals in the year ended June 2026, or around 1.6 million visitors, spending around $4.35 billion in New Zealand. Australia is one of New Zealand's least seasonal visitor markets, relatively evenly spread through the year, helping address the seasonality of New Zealand's tourism industry. New Zealand was the second most popular international destination for Australians in June 2026.

In the other direction, New Zealand is the largest source market of international visitors to Australia, with 1.27 million New Zealanders visiting Australia in the year ended August 2026.

What the Application proposes and the benefits it brings for consumers

The Applicants seek authorisation for five years for a reciprocal codeshare on trans-Tasman and connecting domestic services, global reciprocal frequent flyer and status benefits, and cooperation on network planning, pricing, and corporate sales. Unlike the existing one-way arrangement, which mainly benefits Virgin Australia's Australian-based customers, the benefits would flow in both directions.

Auckland Airport supports the Application because it has the potential to deliver:

Benefits for travellers in both countries
Air New Zealand's Koru members would be able to earn and redeem points and receive status benefits across Virgin Australia's network, with coded connections onto Virgin Australia's

Australian domestic network. Virgin Australia's customers would gain the same benefits across Air New Zealand's network. This widens choice for travellers on both sides of the Tasman, not just for one group of loyalty customers.

For New Zealanders, the Applicants say Virgin Australia will offer Air New Zealand a lower wholesale special prorate agreement (SPA) rate for connections to regional Australia than Qantas does today, with the potential for lower fares.

Stronger competition between two distinct networks
With Air New Zealand's domestic codeshare with Qantas ending in April 2027, the Applicants and the Qantas Group would compete as separate networks across Australia, New Zealand, and the Tasman. The Qantas Group holds 51% of trans-Tasman capacity in 2026, compared with 38% for Air New Zealand and 4% for Virgin Australia (ACCC Application, Table 2). The Qantas Group also accounts for around 64% of trans-Tasman corporate bookings made through major travel management companies (ACCC Application). A credible alternative network to that offered by the Qantas Group airlines has the potential to give New Zealand travellers, including business travellers, more choice and put greater pressure on airfares.

Better connectivity into New Zealand's regions
Virgin Australia customers would gain coded access to around 20 New Zealand domestic destinations, with Auckland as the main connecting point (for example, Sydney-Auckland-Dunedin). Easier connections encourage Australian visitors to travel beyond the main centres, spreading the benefits of tourism to New Zealand's regions. Around 441,000 travellers a year already transfer at Auckland between Australia and other New Zealand airports, and 43% of Australian visitors travel to two or more regions. This matters for regional economies. EY estimates that international visitors arriving through Auckland Airport inject around $3.5 billion a year into regional economies. EY modelling indicates this regional benefit could grow to $10.3 billion a year in the coming decades.

How the Application measures against the Ministry's framework

For an airline codeshare arrangement with pricing and network cooperation, the framework expects market share, slot and pricing analyses, and evidence of the benefits claimed. Auckland Airport offers the following observations for the Ministry to test against the confidential material.

Strategic alignment
Auckland Airport agrees the partnership can support the purposes of the Act, particularly through tourism and regional connectivity. That depends on there being enough seats for the extra travel it is designed to stimulate.

Competition effects
The Applicants overlap on few routes, and Auckland Airport supports excluding those routes. As the framework recognises, coordinating capacity can also affect competition, which our capacity condition addresses (see condition 2).

Public benefits
The framework gives most weight to benefits that are timely, specific to the deal and arise in New Zealand. Auckland Airport's conditions are designed to make sure the benefits set out above are delivered over the life of the authorisation.

Wider context
The framework asks applicants to identify all relevant agreements, including those already in place. This is important as the cumulative impact of agreements needs to be assessed, not just individual agreements. Air New Zealand is party to several authorised arrangements that together cover a significant share of international airline capacity and connectivity to and from New Zealand. Each has been assessed on its merits, and Auckland Airport expects that each delivers benefits. As the number of arrangements grows, though, Auckland Airport encourages the Ministry to also consider their combined effect on competition and choice for New Zealand travellers, so it can be confident that together they continue to serve New Zealanders well.

Conditions to ensure the benefits for consumers eventuate

Auckland Airport welcomes the commitments the Applicants have made, including that the proposed conduct will not apply on routes where they compete, and that no operated services will be removed. As these are central to delivering the benefits for consumers, we ask that they be made formal conditions of any authorisation. The framework provides for conditions where they can manage competition risks while still enabling the public benefits. Each condition is set out below, together with the risk it addresses.

1. Air New Zealand's codeshare with Qantas ends

Risk addressed: the loss of the two-network competition on which the Application's benefits rest.
Consumers benefit most when airline networks compete for their business, giving them a genuine choice of schedules, loyalty programmes, and competitive airfares. Air New Zealand's domestic codeshare with Qantas is due to end on 7 April 2027, and the Application states that the proposed conduct will lead to it ending. The benefits of this application rest on the Applicants and the Qantas Group competing as two distinct networks. If Air New Zealand retained its codeshare and other partnership arrangements with the Qantas Group, or later entered a new one, it would sit at the centre of both major Australian networks and much of that choice would be lost.

Auckland Airport's support is conditional on Air New Zealand's codeshare with Qantas ending no later than the start of the proposed conduct, and on Air New Zealand not entering a similar codeshare, loyalty, or premium lounge access arrangement with the Qantas Group during the authorisation period.

2. Trans-Tasman capacity is maintained and monitored

Risk addressed: cooperation on network planning constraining seat capacity in an already full market.

Access to seat capacity and choice of flight schedules are what turn the benefits of an airline partnership into real outcomes for consumers. Auckland-Australia load factors averaged 84% in the year ended September 2026. Without additional capacity, passengers sold through Virgin Australia's network will fill seats that would otherwise be available to other travellers in the market. Consumers would then face fewer available seats, higher demand for those seats and, as a result, upward pressure on airfares. According to Cirium, the average trans-Tasman fare was NZ$492 one-way in the year ended July 2026, up 72% since 2019, and up 24% year on year.

The Applicants' commitment that no operated services will be removed is a positive starting point, but it does not ensure capacity keeps pace with the extra passenger demand the partnership is designed to create. When authorising the Qantas and Emirates alliance in 2013, the ACCC required the airlines to maintain their pre-alliance trans-Tasman capacity, and the Act allows the Minister to set conditions on capacity (section 199). Consistent with that approach, our support is conditional on Air New Zealand's trans-Tasman seat capacity (excluding Queenstown) not falling below its pre-authorisation level of 3.65 million bidirectional seats (CY 2026), except in the event of a significant industry or market disruption. A commitment is only meaningful if it can be checked. The framework allows the Ministry to require data for the life of an authorisation. We ask that the Applicants be required to report their trans-Tasman capacity to the Ministry each year. If capacity falls below its pre-authorisation level, the Ministry should consider whether the authorisation still delivers a net benefit to New Zealanders, using its powers under section 202 if needed.

More broadly, Auckland Airport continues to encourage the Government to monitor the airfares New Zealanders pay. Authorising this partnership is a further reason to keep a close eye on whether the market is working well for travellers.

3. No application on routes where the Applicants compete

Risk addressed: a direct loss of competition between the Applicants on overlapping routes.

Where airlines compete head-to-head, travellers benefit directly through lower fares and better service. Keeping that competition intact on any route both Applicants serve also preserves Virgin Australia's incentive to compete on the Tasman.

Auckland Airport supports the Applicants' stated position that the proposed conduct will not apply to Queenstown (ZQN) services and will cease to apply on any trans-Tasman route where Virgin Australia begins operating its own aircraft or equipment, or marketing services over which it has pricing control, in competition with Air New Zealand. Our support is conditional on this carve-out being a condition of authorisation, with the Applicants required to notify the Ministry when their operations begin to overlap on a route.

Reciprocal loyalty and other status-related benefits would continue on overlapping routes. This is a benefit to travellers, who would keep access to points and lounges whichever airline they choose.

Conclusion

Auckland Airport supports the Application, subject to the three conditions set out above. With these in place, the proposed conduct has the potential to deliver real benefits for travellers on both sides of the Tasman, strengthen competition, and improve connectivity for trans-Tasman travellers into both New Zealand and Australia's regions.

The Ministry's framework gives a clear basis for assessing the Application and for attaching conditions where they are needed. Auckland Airport asks that the Ministry recommend these conditions to the Minister.

Auckland Airport has also made a submission to the Australian Competition and Consumer Commission on the Applicants' parallel application in Australia, which takes the same position. We would be happy to discuss this submission with the Ministry.