

22 December 2025

Ministry of Transport

By email: alliances@transport.govt.nz

**SUBMISSION ON PUBLIC NOTICE OF PROPOSED AUTHORISATION OF PARTNERSHIP
BETWEEN AIR NEW ZEALAND AND AIR CHINA**

1. Christchurch International Airport Limited (CIAL) previously submitted on the application for authorisation of this alliance in August 2025. We stand by that submission, including our view that a correctly defined counterfactual to this alliance may deliver better outcomes for promoting airline traffic between China and New Zealand.
2. CIAL adopts a principled position on airline alliances which are inherently anti-competitive. We recognise that from time to time market conditions may justify authorisation by the Minister of Transport of coordination between airlines. However, such authorisation must be supported by a rigorous and transparent assessment demonstrating that the statutory test has been met.
3. CIAL has supported the Ministry's work to apply greater transparency and rigour to airline alliance authorisations than was possible under the previous legislative regime. This application represents the first alliance decision issued following publication of the Ministry's July 2025 Application guidelines for authorising airline cooperation agreements, and therefore the first practical test of the new framework.
4. The July 2025 Guidelines developed by the Ministry after consulting with key stakeholders emphasise transparency and require decisions to be accompanied by reasons sufficient to explain how the statutory test in section 199 of the Civil Aviation Act 2023 has been applied, and how the assessment framework has been used. While the proposed decision satisfies the procedural requirement to publish a notice of intent, it does not meaningfully disclose the analytical reasoning underpinning the Ministry's assessment. As a result, interested parties are unable to understand how key conclusions have been reached or to test whether the application has been assessed consistently with the Guidelines.
5. The opportunity to apply greater transparency and rigour in this case has been missed in four respects.
6. First, airlines continue to have the ability to make heavily redacted submissions and special pleadings to the Ministry, without any requirement to consult with interested parties on the redacted material that forms the basis of the application. This perpetuates information asymmetries the new framework was intended to address.
7. Second, the application did not include a substantive analysis of competition effects, on the basis that the airlines did not previously operate in direct competition. In its March 2025 submission on the draft guidelines, CIAL emphasised that the most important step in the authorisation process is the establishment of a rigorous counterfactual, independently assessed by the Ministry, against which the claimed public benefits of the

alliance can be tested. The proposed decision does not disclose what counterfactual the Ministry has adopted, nor explain how assertions such as there being “likely to be more flights” with the alliance have been assessed relative to an alternative scenario. Without this analysis, it is not possible to determine whether the Ministry has formed its own independent view or has relied largely on the applicants’ characterisation of outcomes.

8. Third, the process continues to allow applicants to make claims that are not subject to meaningful challenge by affected stakeholders prior to the publication of the proposed decision. This limits the ability of airports and other parties to test assertions before key judgments are formed.
9. Fourth, and most significantly in light of the July 2025 Guidelines, the Ministry has not published with the proposed decision an analysis explaining how the application meets the statutory test, how competitive detriments have been weighed against claimed public benefits, or how the application has been assessed against the Ministry’s own assessment framework. The reasons provided are high-level and generic, and do not explain why a five-year authorisation with no conditions is appropriate in this case.
10. CIAL’s March 2025 submission on the assessment framework stressed claimed benefits must be rigorously assessed to determine whether they are enduring, whether they are likely to be passed through to consumers, and whether they outweigh the competitive detriments inherent in airline coordination. The proposed decision lists generic benefits such as efficiency, connectivity, and alignment with tourism objectives, but does not explain how these benefits have been tested, quantified, or weighed. In the absence of such analysis, the reasons provided would appear capable of supporting claims made in almost any alliance application
11. It is hard to see that this process is an improvement on the previous process or stands up to comparison to competition processes run by the New Zealand Commerce Commission.
12. CIAL continues to seek that:
 - a) Applicants be encouraged to proactively brief interested parties as part of their initial application;
 - b) Applications are put to the test of the new assessment framework set out in the guidelines so the full competition effects are understood;
 - c) The Ministry develops, and discloses to interested parties, its independent view of the counter-factual to the alliance in each instance;
 - d) Airline alliances and cooperation agreements be assessed on the basis of clear undertakings rather than retrospective explanations of prior performance;
 - e) There is meaningful opportunity for interested parties to respond to statements in cross-submissions before decisions are made; and
 - f) The assessment framework be applied in a way that gives all interested parties a clear understanding of how applications perform against the hurdle for approval.
13. The proposed decision acknowledges the cumulative effects of multiple airline alliances yet nonetheless grants a further five-year authorisation without conditions and without explaining why conditions are unnecessary. Annex 1 of the July 2025 Guidelines expressly contemplates the use of conditions where there is uncertainty about benefits or where monitoring is required. The absence of any explanation for not applying conditions in this case is difficult to reconcile with the Ministry’s stated approach.

14. It is acknowledged airline alliances are a feature of New Zealand's aviation and tourism landscape. However, the credibility of the new authorisation regime depends on the Ministry demonstrating, in practice, the transparency and analytical rigour it has committed to delivering to these inherently anti-competitive arrangements. As part of the first tranche of alliance decisions issued under the July 2025 Guidelines, this proposed decision does not yet appear to evidence that step change.
15. We would welcome the opportunity to discuss our submission with the Ministry.

