

Air Alliance Authorisation Team

Ministry of Transport

Via email [alliances@transport.govt.nz](mailto:alliances@transport.govt.nz)

22 August 2025

**SUBMISSION ON APPLICATION FOR AUTHORISATION OF JOINT BUSINESS ARRANGEMENT BETWEEN QANTAS AND AMERICAN AIRLINES**

**Overview**

1. Christchurch International Airport Limited (*CIAL*) welcomes the opportunity to submit to the Ministry of Transport (Ministry) on the application by Qantas Airlines (QF) and American Airlines (AA) (together, the *Airlines*) of their Joint Business Arrangement (the QAJB).
2. CIAL supports the Ministry's work to apply greater rigour to Alliance authorisations than has been allowed in the past. This application is a first opportunity for the Ministry to put that into action. The opportunity is to establish a rigorous methodology (including comprehensive information requirements) that accords with the guidelines and establish a precedent for future assessments.
3. CIAL recognises that from time to time there will be market conditions that necessitate the authorisation by the Minister of Transport of coordination between airlines. CIAL adopts a principled position that where the appropriate conditions exist it is broadly supportive of coordination which, following a rigorous evaluation by the Ministry and key industry stakeholders, can demonstrate the public benefits outweigh any public detriment. Of particular interest to CIAL will always be the potential for real capacity, and consequent market, growth demonstrated by the alliance and its regional distribution within New Zealand.
4. We recognise that the QAJB is capable of being coordination where the delivery of public benefits to New Zealand may reach a level that outweighs the public detriment through what would otherwise be anti-competitive behaviour. Public benefits could include lower prices for consumers and sustainable year-round services as a consequence of the support of services on trans-Pacific routes through sales and marketing activity at both ends.
5. CIAL also recognises the QAJB may allow the airlines to balance the market power created by the counterfactual of market concentration in the NZ/UA perpetual alliance.
6. CIAL supports the Ministry's work to apply greater rigour to Alliance authorisations than has been allowed in the past. Despite the potential presented by the QAJB we encourage the Ministry to require the airlines to demonstrate the public benefits outweigh any public detriment by reference to the framework. We are pleased to see the effort taken by the airlines to align their application to the new framework, in particular the competitive effects and public benefit analysis conducted in sections 10 and 11.

7. Demonstrating a rigorous application of the new framework to all applications will continue to build stakeholder confidence in the approach taken by the Ministry. That includes demonstrating that the Ministry has considered the application by QF and AA afresh and not as an extension of existing arrangements.

## **Submission**

8. The focus of the Ministry's assessment should be forward-looking. The main objective is to assess the future benefits of the alliance. Benefits that occurred during prior periods are difficult to weigh. The Ministry should challenge assumptions that all alliance traffic and services occurred as a result of the alliance and that nothing else would have happened in the absence of the alliance. The benefits that may have occurred in the past should not simply be assumed to continue. Indeed, the probability that an alliance will displace other potential entrants increases as a market grows and matures (i.e. without new commitments, net benefits may decline over time).
9. The Civil Aviation Act does not reference the term 'reauthorisation'. Each application should be assessed on its own basis and at the time of the application, considering the future competition effects and net benefits proposed by the alliance. This includes construction of the counterfactual.
10. The core of the assessment of an alliance application continues to be the correct construction of a counter-factual. With a correctly constructed counter-factual accurate assessment of the net benefits is possible. Airlines should be held to a high standard in providing information for the counter-factual.
11. In constructing the counter-factual for this application the Ministry should carefully consider the potential dynamic effects. Not all traffic in the QAJB is created by it. Some is traffic that is captured by it and, depending on price and availability, would still travel in the counter-factual. In the absence of the QAJB others (airports, airlines and governments) would continue to have incentives to invest to capture market share and growth. The counter-factual should also consider the likely behaviour of the NZ/UA perpetual alliance in the absence of the QAJB.
12. In our view, there is a particular risk to QAJB services to New Zealand if the ACCC continues to approve the JV for operation between Australia and North America and the Ministry does not for New Zealand. That would make it difficult for either airline to operate on services that include New Zealand, creating a structural disadvantage for the in-bound New Zealand visitor market.
13. QF and AA are valued airline partners for Christchurch Airport but neither currently fly long-haul wide body services from Christchurch. Attracting and growing long haul services to Christchurch is important for bringing visitors directly to the South Island and providing freight access for South Island exporters, especially of high value perishable goods.

If there are any questions about this submission, please contact [REDACTED]

Yours sincerely  
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