NZ AIRPORTS ASSOCIATION

Submission on Air New Zealand and Virgin Australia's application for authorisation of an expanded codeshare

To the Ministry for Cities, Environment, Regions and Transport

6 November 2026

EXECUTIVE SUMMARY

1. NZ Airports represents 49 airports across New Zealand, from the main international airports to small regional airports. Our members' interest is in a trans-Tasman market that delivers more capacity, more competition and better connections for travellers to and from every part of New Zealand.

2. NZ Airports thanks the Ministry for Cities, Environment, Regions and Transport (the Ministry) for the opportunity to comment on the application by Air New Zealand and Virgin Australia (the Applicants) to expand their codeshare. The proposal covers reciprocal codesharing on trans-Tasman and connecting domestic services, reciprocal frequent flyer and status benefits, and related commercial cooperation, for five years.[1] It would replace the limited, one-way codeshare authorised in August 2024, which runs until 22 August 2029.[2]

3. NZ Airports is not a party to the arrangement. Our interest is in what the arrangement delivers for travellers and for connectivity to regional New Zealand.

4. NZ Airports supports authorisation, subject to conditions. Our consistent view is that arrangements between airlines should be allowed where their tangible benefits for travellers outweigh any loss of competition, including potential competition. The Applicants must show that those benefits will eventuate. On the public material, and with the right conditions, this proposal would be better for New Zealand travellers than the status quo. It would strengthen Air New Zealand's offer on the Tasman and give travellers better connections between regional New Zealand and Australia. We have put a consistent position to the Australian Competition and Consumer Commission (ACCC).[3]

5. For those benefits to be realised, authorisation should not discourage Virgin Australia's return to the Tasman or leave regional New Zealand with weaker connections to Australia. Our support depends on:

---

[1] Application to the Minister of Transport pursuant to Part 6 of the Civil Aviation Act 2023 for authorisation of the enhanced partnership between Air New Zealand and Virgin Australia (public version), 1 October 2026 (NZ application), paragraphs 1.2, 1.3, 3.5 and 4.7.

[2] NZ application, paragraphs 1.1 and 6.1. Ministry of Transport, Air New Zealand and Virgin Australia Codeshare Agreement Authorisation 2024 – Ministry of Transport Analysis, OC240623, July 2024 (2024 Ministry report).

[3] NZ Airports, submission to the ACCC on application AA1000742 (Virgin Australia and Air New Zealand), 28 October 2026.

(a) reach between New Zealand's regional airports and Australia being at least maintained, in both directions, when the Air New Zealand–Qantas codeshare ends on 7 April 2027;

(b) clear limits on the cooperation sought, so that network planning does not become an agreement on which routes each Applicant will or will not fly;

(c) a clearly defined competition carve-out that applies automatically if Virgin Australia flies a route itself, so that the arrangement does not delay, discourage or complicate its return to the Tasman with its own aircraft;

(d) annual reporting to the Ministry, as a condition of authorisation under section 199(3) of the Civil Aviation Act 2023 (the Act), measured against a baseline set before the authorisation takes effect, with a public summary; and

(e) the Minister recording the expectations the decision relies on, so that a sustained departure from them can be considered under section 202.

6. Annex A sets out NZ Airports' five draft conditions. They rest on this application alone and do not depend on our wider recommendation on monitoring. Separately, we recommend that the Ministry consider how this reporting could be a first step toward regular public monitoring of airfares, capacity and competition across all airlines. The Commerce Commission noted in 2025 that New Zealand, unlike Australia, has no such reporting obligations for airlines (see Public monitoring: a first step).

7. We read the cooperation sought as a codeshare with reciprocal loyalty benefits, joint sales and pricing of codeshare services, and joint network planning across complementary networks. It is not an alliance in which the Applicants share revenue or divide routes, and the authorisation should make that explicit. Our assessment rests on the public application, in which the commercial terms, counterfactual and economic evidence are redacted, and on Cirium data accessed through Lime Intelligence (Annex B).

8. This submission makes 11 recommendations, consolidated in the Summary of recommendations. Annex A sets out draft conditions and Annex B our data and method.

CONTRIBUTION TO THE ACT'S PURPOSES

9. The Minister may grant authorisation **if** satisfied that it will contribute to the main purpose or any of the additional purposes of the Act, and that it will, or is likely to, **result in a public benefit that outweighs** any lessening in competition.[4] We agree that the arrangement can contribute to the Act's purposes. With the right conditions, it would support a transport system that contributes to economic prosperity and inclusive access (section 4(a)), by connecting regional New Zealand

[4] Civil Aviation Act 2023, section 199(2).

with Australia on a single ticket. It would also promote effectiveness and efficiency in civil aviation (section 4(b)), through better-timed connections between complementary networks. Both depend on outcomes that can be checked: whether regional reach is maintained when the Qantas codeshare ends, and whether the arrangement adds capacity and competition on the Tasman.

MARKETS AND COUNTERFACTUAL

10. We agree that the core market is trans-Tasman passenger services. The Ministry's assessment framework also recognises origin and destination pairs and the trunk and feeder routes that connect them.[5] For New Zealand, the effects of this application arise on the trans-Tasman routes and in journeys between regional New Zealand and Australia, which depend on domestic connections and on codeshare and interline arrangements.

11. NZ Airports has opposed previous applications for cooperation between these airlines, including the 2010 alliance and the 2024 codeshare.[6] The ACCC authorised the 2010 alliance only with capacity conditions. When those conditions were narrowed in 2013, capacity fell on routes they had protected.[7]

12. This application is materially different. The cooperation sought is a reciprocal codeshare, not an alliance, and the Applicants do not compete with each other on any trans-Tasman route other than those to Queenstown. The market has also moved. Virgin Australia provided 18% of trans-Tasman seats in 2019 and 4% in 2025. The Qantas Group's share rose from 36% in 2019 to a scheduled 52% in 2026. The Qantas Group and Air New Zealand together are scheduled to provide about 91% of trans-Tasman seats in 2026, up from 72% in 2019 (Figure 1).[8] Competition on trans-Tasman routes from other airlines, primarily fifth-freedom tag flights, has also fallen materially from 9% of the capacity deployed to the market in 2019 to 5% in 2026 (Figure 1).

13. On these figures, Virgin Australia is not a trans-Tasman competitor of any scale outside Queenstown. The contest on the Tasman is between the Qantas Group and

---

[5] Ministry of Transport, Assessment framework for airline cooperation agreements, July 2025 (Assessment Framework), paragraph 23.

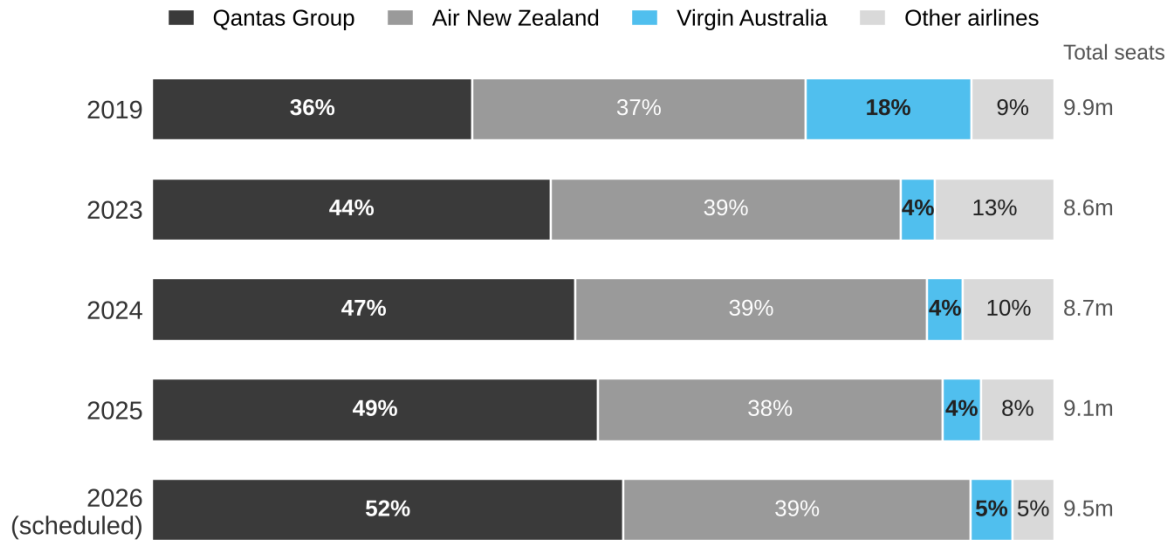
[6] NZ Airports, submissions to the ACCC on applications A91227 and A91228, 16 June and 24 September 2010; submission to the Ministry of Transport on re-authorisation of the alliance, 3 May 2013, opposing re-authorisation without capacity conditions; submission to the ACCC on application AA1000653, 5 January 2024 (NZ Airports 2024 submission); and submission to the Ministry of Transport on the 2024 application, summarised in the 2024 Ministry report, paragraphs 46 and 47.

[7] ACCC, final determination on applications A91227 and A91228 (Virgin Blue and Air New Zealand), 16 December 2010, Attachment A (minimum capacity conditions on six routes and across the Tasman as a whole); final determination on applications A91362 and A91363 (Virgin Australia and Air New Zealand), 3 September 2013, summary. NZ Airports 2024 submission, paragraphs 32 and 33 (Sabre Market Intelligence data).

[8] Cirium data accessed through Lime Intelligence: trans-Tasman seats by operating airline, 2019 and 2023 to 2025 (operated flights) and 2026 (scheduled). Virgin Australia provided 1.83 million of 9.95 million seats in 2019 and 0.39 million of 9.10 million in 2025. The Qantas Group provided 3.53 million seats in 2019 and is scheduled to provide 4.95 million of 9.47 million in 2026. Air New Zealand provided 3.67 million seats in 2019 and is scheduled to provide 3.65 million in 2026. Other airlines provided 0.91 million seats in 2019 and are scheduled to provide 0.44 million in 2026. The Applicants' figures, based on available seat kilometres, show a similar combined share in 2026, with the Qantas Group at 51% and Air New Zealand at 40%: NZ application, Table 1.

Air New Zealand. This arrangement would strengthen Air New Zealand's offer against the market leader by adding Virgin Australia's domestic network, loyalty programme and sales/distribution reach.

Figure 1: The Qantas Group's share of trans-Tasman seats has grown as Virgin Australia's has fallen



Source: NZ Airports analysis of Cirium data (Lime Intelligence). Seats in both directions on all trans-Tasman routes; 2019 and 2023 to 2025 operated flights, 2026 scheduled. Qantas Group includes Jetstar.

14. The Applicants' counterfactual is the status quo: the existing one-way codeshare continuing until it expires.[9] We accept that as the likely counterfactual, subject to two points the Ministry should test:

    (a) First, the Qantas codeshare. The application states that the proposed conduct "will lead to" the end of the codeshare under which Qantas and Air New Zealand place their codes on certain of each other's domestic services.[10] Qantas has announced that it will end on 7 April 2027.[11] The Ministry should establish whether that end follows from the conduct or would happen anyway, and treat the connections lost and their replacement consistently: either both are effects of the conduct, or both sit in the counterfactual. The change could sharpen competition between the two largest airline groups on the Tasman. It also removes the Qantas-coded through-tickets that connect Australia with regional New Zealand today (see Regional reach when the Qantas codeshare ends).

    Recommendation 1. The Ministry should establish whether the end of the Qantas codeshare follows from the proposed conduct, and treat the connections lost and their replacement consistently between the factual and the counterfactual.

[9] NZ application, paragraph 5.3.

[10] NZ application, paragraph 5.7.

[11] Qantas, "Air New Zealand", partner airlines page, qantas.com, accessed 23 October 2026: "The partnership between Qantas and Air New Zealand will end on 7 April 2027." See also Aviation Week, "Qantas Steps Away From Air New Zealand Domestic Partnership", 12 October 2026.

(b) Second, Virgin Australia's plans. Virgin Australia's counterfactual is in a confidential appendix.[12] In 2024 the Ministry of Transport judged that Virgin Australia's return to routes other than Queenstown was very unlikely over the following two to three years, with or without the codeshare.[13] That horizon ends in 2027. The arrangement now sought is broader and reciprocal, and would run into the early 2030s. The Ministry should test whether Virgin Australia's incentive to return differs between the factual and the counterfactual over that longer term.

Recommendation 2. The Ministry should test whether Virgin Australia's incentive to return to the Tasman differs between the factual and the counterfactual over the full term sought.

COMPETITION EFFECTS

Virgin Australia's return to the Tasman

15. Virgin Australia flying its own aircraft would add a third competitor on the Tasman. The assessment framework recognises that cooperation can reduce competition indirectly, by discouraging the parties from entering new routes.[14] In its 2024 initial advice, the Ministry of Transport concluded that, on the margin, the one-way codeshare "could count against or delay" Virgin Australia's entry, and that Virgin Australia remained the airline most likely to enter.[15] Its July 2024 report also noted that "even the threat of entry can have a beneficial impact on market behaviour".[16] The Ministry should consider whether this broader, reciprocal arrangement, by giving Virgin Australia's customers access to the Tasman on Air New Zealand's aircraft, could reduce its incentive to return with its own.

16. The scale of a return matters to that assessment. The Applicants told the ACCC that the Qantas Group's 260 weekly trans-Tasman flights require, on Virgin Australia's understanding, at least 18 to 19 aircraft.[17] Our estimate for the Qantas Group's October 2026 schedule, 18 to 21 aircraft, is broadly consistent. A more realistic reference point for Virgin Australia may be its own 2019 network. That year it provided 18% of trans-Tasman seats; in October 2019 it flew from Sydney, Melbourne, Brisbane and the Gold Coast to Auckland, Wellington, Christchurch, Queenstown and Dunedin. We estimate that network in 2019 needed the equivalent

[12] NZ application, paragraph 5.5 and Appendix E.

[13] 2024 Ministry report, paragraph 133.

[14] Assessment Framework, paragraph 35.

[15] Ministry of Transport, Air New Zealand and Virgin Australia Codeshare Authorisation – Initial Advice, OC240164, 20 May 2024, paragraphs 37 and 39.

[16] 2024 Ministry report, paragraph 113.

[17] Virgin Australia and Air New Zealand, application to the ACCC for authorisation AA1000742, submission by Gilbert + Tobin (public version) (ACCC application), section 5.1, page 18: the Qantas Group "operates 260 trans-Tasman flights per week which Virgin Australia understands to require at least 18-19 aircraft".

of seven to eight aircraft, about 7% of Virgin Australia's current fleet (Annex B, Table B1).[18]

17. We are not asking the Minister to require Virgin Australia to fly the Tasman. We ask that the Minister's assessment of its ability to compete on its own use a realistic scale of entry and take account of any effect on its incentive to return. The Applicants have told the ACCC that the proposed conduct "will not delay or disincentivise" Virgin Australia's entry or expansion on new trans-Tasman routes.[19] The Ministry should obtain the same statement in this application, so that the Minister's decision can rely on it.

    Recommendation 3. The Ministry should assess Virgin Australia's ability to compete on its own against a realistic scale of entry, and obtain from the Applicants the statement given to the ACCC that the conduct will not delay or disincentivise its entry or expansion.

Keeping the cooperation to a codeshare

18. The proposed conduct includes cooperation on network planning to "facilitate schedule optimisation, maximise connections and enable the efficient use of capacity".[20] NZ Airports supports that: well-timed connections give regional New Zealand better access across Australia. The Act allows the Minister to authorise cooperation on scheduling, capacity and frequency,[21] but "efficient use of capacity" is not defined. Between complementary networks it can sensibly mean sizing and timing services so that they connect.

19. It should not extend to agreeing which trans-Tasman routes each Applicant flies, or moving flying between them, for example by one Applicant giving up a second daily service so that the other can operate it. That would be an alliance in substance, needing a separate application and assessment. The authorisation (if granted) should say that it does not extend to it, and information shared for network planning should exclude either Applicant's plans to fly a trans-Tasman route the other operates (Annex A, condition 1).

    Recommendation 4. The authorisation should state that it does not extend to agreeing which trans-Tasman routes each Applicant flies or moving capacity between them (Annex A, condition 1).

The competition carve-out

20. The proposed conduct would cease to apply, other than for loyalty and status benefits, on any route that the Applicants operate or have pricing control over in

[18] Cirium: Qantas Group (Qantas and Jetstar) flights from Australia to New Zealand in the week of 12 to 18 October 2026, and Virgin Australia average weekly flights from Australia to New Zealand in October 2019. Method in Annex B. Virgin Australia's fleet of 110 narrowbody aircraft is from the NZ application, paragraph 2.6.

[19] ACCC application, executive summary (page 6) and section 9.

[20] NZ application, paragraph 3.5(e).

[21] Civil Aviation Act 2023, section 199(1) and 199 (4)(a).

competition with each other, as is the case today at Queenstown.[22] NZ Airports supports that principle. For it to protect competition, the authorisation needs to settle three questions: whether a "route" is a city pair or an airport pair, now that Air New Zealand flies to both Sydney and Western Sydney International;[23] what "in competition" means where one Applicant enters a route and the other reduces its services or withdraws; and whether wet lease or capacity purchase arrangements between the Applicants are contemplated or permitted.

21. Conditions 1 and 2 in Annex A propose answers: a route is a city pair; wet lease and capacity purchase arrangements are excluded, other than short-term cover for disruption; the Queenstown routes stay outside the codeshare; and the carve-out applies automatically, without a variation or new application, so that it does not slow a decision by Virgin Australia to fly a route itself. The authorisation should also make clear whether Virgin Australia's code would stay on Air New Zealand's domestic services for passengers connecting from Virgin Australia's own trans-Tasman flights. If Virgin Australia's code would not stay, the carve-out itself could discourage entry.

    Recommendation 5. The authorisation should define the competition carve-out as set out in Annex A, condition 2, and state whether Virgin Australia's code stays on Air New Zealand domestic services for passengers connecting from Virgin Australia's own trans-Tasman flights.

PUBLIC BENEFITS FOR NEW ZEALAND

22. The assessment framework asks that benefits arise in New Zealand, be specific to the agreement, exceed benefits that would happen without it, avoid double counting and be verifiable. It gives more weight to benefits passed on to customers in a timely way.[24] Several of the benefits claimed are plausible but rest on redacted evidence. Table 2 sets out how the reporting we propose would show each one.

Single-ticket access between regional New Zealand and Australia

23. The proposal would give Virgin Australia customers single-ticket access to around 20 New Zealand domestic destinations as part of a trans-Tasman itinerary, such as Sydney–Auckland–Dunedin.[25] Cirium data indicates that, in the year to June 2026, about 147,000 journeys were made from Australia to New Zealand regional airports without a direct trans-Tasman service, led by Napier, Nelson, New Plymouth, Tauranga and Palmerston North. About 166,000 journeys were made to Australia from the 15 largest of those airports.[26] Both figures are likely to understate the

[22] NZ application, paragraphs 3.6, 3.7 and 5.10.

[23] NZ application, paragraph 2.4(a). Hon Catherine King MP, Minister for Infrastructure, Transport, Regional Development and Local Government (Australia), media release, "Kia ora Air New Zealand: Three times weekly flights between Auckland and Western Sydney begin October 26", accessed 23 October 2026.

[24] Assessment Framework, paragraphs 49 and 116.

[25] NZ application, paragraph 3.10(c)(ii); ACCC application, executive summary and section 4.1.

[26] Cirium: O&D passenger estimates, July 2025 to June 2026. Journeys from Australia whose final destination was a New Zealand airport with no nonstop trans-Tasman service totalled about 147,000, or about 5% of 3.14 million Australia-to-New

market, as they are unlikely to capture all travellers who self-connect on separate tickets. That traffic helps sustain regional air services and visitor spending in the regions. The benefit specific to this arrangement is the additional travel it generates, beyond journeys already made on Air New Zealand tickets.[27] The reporting we propose would demonstrate this.

Regional reach when the Qantas codeshare ends

24. The Applicants state that ending the Qantas codeshare will not result in any material loss in available services or connectivity for New Zealand consumers.[28] That assessment looks at operated services. It does not count Qantas customers who cross the Tasman with Qantas and connect, on a Qantas-coded ticket, to Air New Zealand services to regional airports.

25. Cirium data indicates that, in the year to June 2026, about 16,100 journeys from Australia to the 15 regional airports in Table 1, and about 14,700 journeys in the other direction, were ticketed on Qantas codes for both legs. That is consistent with Qantas codes on Air New Zealand domestic flights (Table 1), and is about one in ten of all journeys between these airports and Australia.[29] A further 14,000 or so journeys combined Qantas-coded trans-Tasman flights with Air New Zealand-coded domestic flights.

Table 1: Journeys between regional New Zealand airports and Australia ticketed on Qantas codes for both legs, year to June 2026

Airport	From Australia: all journeys	From Australia: on Qantas codes (share)	To Australia: all journeys	To Australia: on Qantas codes (share)
Napier	25,700	3,100 (12%)	28,800	2,900 (10%)
Nelson	23,400	2,700 (11%)	26,400	2,600 (10%)
Palmerston North	18,600	2,300 (12%)	20,000	2,200 (11%)
New Plymouth	20,300	2,200 (11%)	22,900	1,700 (7%)
Tauranga	18,800	1,800 (9%)	21,100	1,300 (6%)
Blenheim	8,100	1,100 (14%)	9,500	1,200 (13%)
Invercargill	6,200	800 (14%)	7,800	1,000 (13%)
Gisborne	7,400	600 (9%)	8,200	800 (10%)
Rotorua	4,200	600 (15%)	5,200	500 (10%)
Kerikeri	4,800	600 (13%)	5,400	400 (8%)
All 15 airports	146,500	16,100 (11%)	165,900	14,700 (9%)

Zealand journeys: Napier about 25,700, Nelson 23,400, New Plymouth 20,300, Tauranga 18,800 and Palmerston North 18,600. The 15 airports in Table 1 account for about 146,500. Journeys to Australia starting at those 15 airports totalled about 165,900, or about 5% of 3.06 million New Zealand-to-Australia journeys.

[27] Cirium: about 115,800, or 79%, of the 147,000 journeys from Australia were ticketed on Air New Zealand codes for both legs.

[28] NZ application, paragraph 5.7. The ACCC application (section 8) makes the same statement about Australian consumers.

[29] Cirium: O&D passenger estimates by marketing carrier on each leg, July 2025 to June 2026, for the 15 airports in Table 1. Qantas codes on both legs: about 16,100 journeys from Australia and 14,700 to Australia, or about 30,700 of 312,400 journeys in both directions. Qantas-coded trans-Tasman leg with an Air New Zealand-coded domestic leg: about 5,900 journeys from Australia and 8,000 to Australia.

Source: NZ Airports analysis of Cirium origin and destination data (Lime Intelligence). Modelled estimates, rounded to the nearest 100; shares calculated before rounding. A return trip counts once in each direction. The ten airports with the most such journeys; the total covers the 15 airports listed in Annex B.

26. These journeys are impacted by the change, not necessarily lost. At the four regional airports where journeys on Qantas codes for both legs are rare (Taupō, Timaru, Hokitika and Whangārei, under 1% of journeys combined), about one in ten journeys to and from Australia still used Qantas across the Tasman with an Air New Zealand domestic connection.[30] What matters for the consumer benefits is two-fold: whether interlining with the Qantas Group continues on reasonable terms, and how much reach Virgin Australia's sales and loyalty programme adds. The assessment framework recognises that cooperation can affect other airlines' access to connecting traffic.[31] The New Zealand application does not address interlining.

27. Before the proposed decision, the Minister should require the Applicants to set out how much traffic currently travels between Australia and regional New Zealand on Qantas codes, how the arrangement will at least replace that reach in both directions, and what through-ticketing by Air New Zealand with the Qantas Group, such as interlining outside the codeshare, will remain.[32] The Qantas codeshare ends on 7 April 2027, possibly before the reciprocal codeshare can start, so the Applicants should also explain how through-ticketing will be maintained in the meantime. Conditions 3 and 4 in Annex A would then fix the baseline and track it.

    Recommendation 6. Before the proposed decision, the Minister should require the Applicants to set out current Qantas-coded traffic between Australia and regional New Zealand, how the arrangement will at least replace that reach in both directions, and what through-ticketing by Air New Zealand with the Qantas Group will remain, including before the reciprocal codeshare starts.

Connections to regional Australia for New Zealand travellers

28. Cirium data indicates that, in the year to June 2026, about 111,000 journeys were made from New Zealand to Australian airports without direct services from New Zealand. The Qantas Group ticketed around two-thirds of them on the trans-Tasman leg. Air New Zealand ticketed around one-fifth, about 18,900 of them with Qantas domestic connections.[33] Most were to destinations that both Virgin Australia and the Qantas Group serve, such as Canberra, Darwin, Townsville, Mackay and Launceston. The benefit is therefore less about new destinations than about continuity of choice: once the Qantas codeshare ends, Air New Zealand customers

[30] Cirium: journeys between Australia and Taupō, Timaru, Hokitika and Whangārei, July 2025 to June 2026, in both directions: about 1,800 of 17,800 combined a Qantas-coded trans-Tasman leg with an Air New Zealand-coded domestic leg, and about 160 were on Qantas codes for both legs.

[31] Assessment Framework, paragraphs 41 to 43.

[32] Civil Aviation Act 2023, section 197(3), allows the Minister to require further information from applicants.

[33] Cirium: O&D passenger estimates, July 2025 to June 2026, New Zealand to Australia. Journeys whose final destination was an Australian airport with no nonstop service from New Zealand totalled about 111,000, or about 4% of 3.06 million New Zealand-to-Australia journeys, led by Canberra (about 15,000), Darwin (12,500), Townsville (10,600), Mackay (8,200) and Launceston (8,000). The Qantas Group was the marketing carrier on the trans-Tasman leg for about 75,700 of these journeys (68%) and Air New Zealand for about 22,300 (20%). About 18,900 of Air New Zealand's had a domestic leg on a Qantas code or on an Air New Zealand code, which within Australia is used on Qantas flights under the existing codeshare.

will need a replacement through-ticketed option to regional Australia. This arrangement provides one, with an Australian domestic airline partner that does not compete with Air New Zealand on the Tasman (except at Queenstown).

Lower wholesale prices and fares

29. For travellers between New Zealand and regional Australia, the main new benefit the Applicants identify is lower special prorate agreement rates: the negotiated price one airline pays another for the domestic leg of a connecting journey.[34] The Applicants' position is that Virgin Australia, which does not compete with Air New Zealand on the Tasman (except at Queenstown), has a stronger incentive than the Qantas Group to offer Air New Zealand competitive prorates for domestic flight connections within Australia. That is plausible. However, lower wholesale costs do not automatically become lower fares, and the Applicants should demonstrate the benefit in practice. The reporting we propose includes fares on connecting journeys to regional Australia and regional New Zealand for that reason, with average prorate rates provided to the Ministry in confidence.

Table 2: How the proposed reporting would show the main claimed benefits

Claimed benefit	Evidence in the public application	What the proposed reporting would show
Single-ticket access for Virgin Australia customers to about 20 New Zealand destinations	No estimate of additional travel	Connecting journeys by New Zealand airport and airline code
A through-ticketed option to regional Australia once the Qantas codeshare ends	Destinations described; volumes not given	Connecting journeys by Australian airport and airline code
Lower wholesale rates passed through to fares	Rates redacted	Fares on connecting journeys; average prorate rates, in confidence
Reciprocal loyalty and status benefits	Described in the application	Not needed
A competitive response from the Qantas Group	A prediction	Seats and frequencies on covered routes; wider monitoring (see Public monitoring)
Regional reach maintained after the Qantas codeshare ends	Operated services only	Journeys on Qantas Group tickets connecting to Air New Zealand domestic flights, by airport; interline arrangements

Source: NZ Airports, drawing on the public application and Annex A.

NET BENEFIT, CONDITIONS AND TERM

30. On the public material, NZ Airports considers that, with the proposed conditions in Annex A, the public benefit is likely to outweigh any lessening of competition, and the arrangement would be better for New Zealand travellers than the status quo. The judgement is a trade-off: a stronger challenger to the Qantas Group now, against any reduced chance of Virgin Australia returning. Our test over the term of the

[34] NZ application, paragraphs 1.7(a) and 6.4 to 6.8.

authorisation is whether the arrangement delivers more capacity and competition on the Tasman, and at least maintains regional reach.

Recommendation 7. The Minister should authorise the arrangement, subject to the conditions in Annex A.

31. Why NZ Airports' proposed conditions are justified. The Applicants say the conduct involves no competitive detriment.[35] On that view, our proposed conditions would have nothing to address. But that looks only at today's overlaps. The assessment framework also recognises cooperation that discourages the parties from entering new routes. Conditions 1 and 2 hold the authorisation to the cooperation the Applicants describe; if that description is accurate, the conditions cost nothing.

32. Reporting is justified even if there is no competitive harm: the Ministry's guidelines say reporting will likely be required "where there is some uncertainty of the stated benefits, either with or without conditions in place".[36] The main new benefits here are predictions resting on redacted evidence. In 2024 the Ministry of Transport advised that the Civil Aviation Act 1990 "does not easily provide for setting conditions".[37] The 2023 Act now requires the Minister to specify any conditions, and non-compliance with a condition is a ground to vary or revoke an authorisation.[38] NZ Airports asks the Minister to use these new powers here.

33. The conditions are proportionate. They do not restrict how the Applicants price, schedule or market their services, and they use data the Applicants already hold. Virgin Australia already provides price, cost and profit information on its Australian domestic services to the ACCC.[39]

34. Baseline and reporting. Conditions 3 and 4 set a baseline before the authorisation takes effect and require annual reporting against it, covering capacity, fares, connecting journeys by airport, Virgin Australia's own trans-Tasman capacity and interlining with the Qantas Group. This builds on the reporting condition we proposed to the ACCC, adding a defined baseline, journeys on Qantas Group tickets connecting to regional New Zealand, interline volumes and, in confidence, prorate rates. We encourage the Ministry and the ACCC to align their requirements so that the Applicants provide one set of data to both, and ask the Ministry to publish the summary.

Recommendation 8. The authorisation should require a baseline, annual reporting and a published summary (Annex A, conditions 3 to 5), aligned with any reporting the ACCC requires.

---

[35] NZ application, paragraphs 1.8 and 5.6.

[36] Ministry of Transport, Application guidelines for authorising airline cooperation agreements, July 2025, Annex 1 ("Reporting and/or information provision").

[37] Ministry of Transport, OC240164, paragraph 52; 2024 Ministry report, paragraph 130.

[38] Civil Aviation Act 2023, sections 199(3) and 202(2)(c).

[39] ACCC, "Domestic airline monitoring", accc.gov.au, accessed 23 October 2026. The ACCC collects data from Jetstar, Qantas, Rex and Virgin Australia.

35. Review. We ask the Minister to record in the reasons for the decision that it relies on the capacity the Applicants expect and on their statement that connectivity will not materially fall.[40] A sustained departure could then be considered as a material change of circumstance under section 202. Setting this out now would give the Applicants certainty, and give travellers, airports and other airlines a clear basis for raising concerns during the term of the authorisation.

    Recommendation 9. The Minister should record in the reasons for the decision the capacity and connectivity expectations the decision relies on, so that a sustained departure can be considered under section 202.

36. Term. NZ Airports does not oppose the five-year term sought. Benefits of this kind take time to build, and in 2024 the Ministry of Transport saw benefits in aligning the New Zealand and Australian reauthorisation timetables.[41] We encourage the same alignment of term and reporting this time. We also ask that the Minister's proposed decision set out any proposed conditions and the term, so that they can be tested in the second round of consultation.

    Recommendation 10. The term and reporting should align with the ACCC's, and the proposed decision should set out any proposed conditions and the term for the second round of consultation.

PUBLIC MONITORING: A FIRST STEP

37. This recommendation is separate from our conditions.

38. Since 2020, successive Australian governments have directed the ACCC to monitor the prices, costs and profits of the major domestic airlines, and the ACCC publishes regular reports. In May 2026 the Australian Government announced its intention to extend that monitoring to December 2029.[42] New Zealand has no equivalent. In May 2025 the Commerce Commission noted that there are "no such obligations in New Zealand", that there is limited publicly available information about passengers and demand, and that it had passed areas for policy work on information disclosure to the relevant government agencies.[43]

39. The gap affects this application. NZ Airports has had to rely on modelled passenger estimates. Commercially available fare data records the lowest fares advertised on direct flights, not the fares people pay, and comparisons between years are distorted by changes in coverage and exchange rates.

---

[40] NZ application, paragraph 5.7.

[41] 2024 Ministry report, paragraph 131.

[42] ACCC, "Domestic airline monitoring", accc.gov.au, accessed 23 October 2026: Competition and Consumer (Price Monitoring—Domestic Air Passenger Transport) Direction 2023. The first direction ran from June 2020 to June 2023. The page also records that the current direction runs to December 2026, and that in May 2026 the government announced its intention to extend the ACCC's airline monitoring function until December 2029.

[43] Commerce Commission, Assessment of whether to self-initiate competition study into the domestic air travel sector, May 2025, paragraph 3 and pages 7 and 8 ("Access to information").

40. We recommend that the Ministry consider how reporting under this authorisation could be a first step toward regular public monitoring of airfares, capacity and competition on trans-Tasman and New Zealand domestic routes, across all airlines. Monitoring beyond this authorisation would need its own mandate, as the ACCC's does, but how the reporting is defined now will decide whether it can later serve that purpose. The aim is better information, not regulation of airfares. It would serve government, travellers, airlines and airports alike, by putting a shared factual basis under discussions about fares and capacity.

    Recommendation 11. The Ministry should consider how reporting under this authorisation could be a first step toward regular public monitoring of airfares, capacity and competition across all airlines.

CONTINUING THE CONVERSATION

41. NZ Airports welcomes the opportunity to discuss this submission with officials, and to provide further information on connectivity to New Zealand's regional airports, including the airport-level data behind Table 1. We may also comment on other submissions in the cross-submission round.

Kind regards



Graeme Sharman
Chief Executive
NZ Airports Association
+64 27 231 4140
graeme.sharman@nzairports.co.nz

SUMMARY OF RECOMMENDATIONS

1. Establish whether the end of the Qantas codeshare follows from the conduct, and treat it consistently.
2. Test Virgin Australia's incentive to return to the Tasman over the full term.
3. Assess Virgin Australia's entry at a realistic scale, and obtain the Applicants' statement that the conduct will not delay it.
4. Exclude route allocation and capacity transfer from the authorisation (condition 1).
5. Define the competition carve-out as in condition 2, and clarify Virgin Australia's code on connecting domestic services.
6. Require the Applicants to show how regional reach will be replaced when the Qantas codeshare ends.
7. Authorise the arrangement, subject to the conditions in Annex A.
8. Require a baseline, annual reporting and a published summary (conditions 3 to 5), aligned with the ACCC.
9. Record in the decision the capacity and connectivity expectations it relies on.
10. Align the term and reporting with the ACCC's, and set out conditions and term in the proposed decision.
11. Consider this reporting as a first step to public monitoring of airfares, capacity and competition.

ANNEX A: DRAFT CONDITIONS

These draft conditions are offered to assist the Ministry. The wording is indicative, and the definitions in conditions 2 and 4 should match any the ACCC adopts.

1. Scope. The authorisation does not extend to:

- joint procurement, for which the Applicants do not seek authorisation;
- the Applicants agreeing which trans-Tasman routes either of them will operate, or moving capacity or frequencies between them on any trans-Tasman route;
- either Applicant operating trans-Tasman services for the other under a wet lease, capacity purchase or similar arrangement, other than cover for a disrupted service for up to 14 days, notified to the Ministry; or
- sharing revenue or profit, other than settlements for codeshare and connecting services.

Information shared for network planning must exclude either Applicant's plans to operate a trans-Tasman route that the other operates.

2. Competition carve-out.

- The conduct, other than reciprocal loyalty and status benefits, does not apply on any route on which each Applicant operates services, or markets services over which it has pricing control. This includes the trans-Tasman routes to and from Queenstown that both Applicants fly when the authorisation is granted. Selling seats on the other Applicant's services under the codeshare does not count as operating or pricing control.
- "Route" means a city pair. Sydney Airport and Western Sydney International Airport serve one city.
- The carve-out applies from the date an Applicant first offers its own service on a route for sale, for travel from the date that service starts, without any variation or further application. Tickets already issued may be honoured. The Applicants must notify the Ministry within 10 working days.
- An excluded route stays excluded for the rest of the authorisation, except that a route other than the Queenstown routes may return to the arrangement 12 months after the Applicant whose entry excluded it withdraws, on notice to the Ministry.
- The Applicants must not give effect to any term that ends or worsens the arrangement because an Applicant operates its own services on a route, beyond this carve-out.

3. Baseline. Before the authorisation takes effect, the Applicants must give the Ministry:

- with a version for publication, for the 12 months to 31 March 2027: seats and frequencies on each trans-Tasman airport pair; and journeys on Qantas codes between Australia and each New Zealand airport without direct trans-Tasman services, in each direction;
- in confidence, the capacity by route and year assumed in the application's factual and counterfactual;

- the Australian airports that Air New Zealand customers will be able to reach on one ticket through Virgin Australia, compared with those reachable under the Qantas codeshare; and
- the through-ticketing arrangements, such as interlining, that will remain between Air New Zealand and the Qantas Group on both sides of the Tasman.

4. Annual reporting. Within three months after each year of the authorisation, the Applicants must report to the Ministry, against the baseline:

- seats and frequencies on each trans-Tasman route covered by the arrangement;
- average fare revenue per passenger (in New Zealand dollars, excluding GST and government taxes and levies), by cabin, on those routes and on connecting journeys between Australia and New Zealand airports without direct trans-Tasman services, and between New Zealand and Australian airports without direct services from New Zealand;
- the number of trans-Tasman passengers connecting to each New Zealand and Australian domestic airport under each Applicant's code, and on Qantas Group tickets connecting to Air New Zealand domestic services;
- Virgin Australia's own trans-Tasman capacity, and any change in either Applicant's capacity on routes where both operate;
- the interline and through-ticketing arrangements in place with the Qantas Group on both sides of the Tasman, and passenger numbers under them; and
- in confidence, average special prorate rates for Australian domestic legs.

Each report must explain material departures from the capacity assumed in the factual. Definitions, including how regional airports are grouped, are to be agreed with the Ministry. The Applicants may use data they provide to the ACCC where it covers these matters.

5. Publication. With each report, the Applicants must provide a summary for publication showing at least seats and frequencies by route against the baseline, connecting journeys by New Zealand airport, Virgin Australia's own trans-Tasman capacity, and fare trends as indices, combining routes where needed to protect commercially sensitive information.

ANNEX B: DATA SOURCES AND METHOD

Cirium data accessed through Lime Intelligence. NZ Airports used Cirium schedule and origin and destination (O&D) data, accessed through Lime Intelligence, and built its own charts and tables from the base data.

- Seats by airline group (Figure 1) are one-way seats in both directions on all trans-Tasman routes: operated flights for 2019 and 2023 to 2025, and the published schedule for 2026.
- O&D figures are modelled estimates of journeys from where a trip started to where it ended. They count journeys, not people: a return trip counts once in each direction. Airline codes are those on the ticket (the marketing carrier) for each leg. Figures cover July 2025 to June 2026. About 2% of journeys from Australia to the 15 airports are recorded on Jetstar codes for both legs, although Jetstar does not fly to those airports.

NZ Airports has left them in the totals; excluding them would not change any conclusion. Because the estimates are modelled mainly from ticketed itineraries, they are likely to understate travel to and from regional airports: a traveller who buys separate tickets, for example Jetstar from Sydney to Auckland and Air New Zealand on to Napier, may be counted only as a journey to Auckland.

- "Airports without a direct trans-Tasman service" are New Zealand airports with no nonstop trans-Tasman journeys recorded in the period. Twenty airports fall into this group. Table 1 draws on the 15 largest: Napier, Nelson, New Plymouth, Tauranga, Palmerston North, Blenheim, Gisborne, Invercargill, Kerikeri, Whangārei, Rotorua, Taupō, Whanganui, Hokitika and Timaru.
- Aircraft estimates (Table B1) divide scheduled block hours in both directions by utilisation of 12 to 14 block hours per aircraft per day. Virgin Australia's 2019 block hours are estimated using current scheduled block times for the same city pairs. The estimates exclude spare aircraft.

Table B1: Weekly flights and estimated aircraft, Qantas Group (October 2026) and Virgin Australia (October 2019)

City pair or market	Qantas Group, October 2026 (weekly flights, Australia to New Zealand)	Virgin Australia, October 2019 (weekly flights, Australia to New Zealand)
Auckland–Sydney	38	17
Auckland–Brisbane	31	15
Auckland–Melbourne	31	14
Wellington–Australia	31	14
Christchurch–Australia	51	16
All trans-Tasman routes	245	99
Estimated aircraft required	18 to 21	7 to 8

Source: NZ Airports analysis of Cirium data (Lime Intelligence). Aircraft estimates are indicative.

The underlying tables are available to officials on request.