

NZ AIRPORTS SUBMISSION ON

THE PROPOSED 2025 AUTHORISATION OF THE QANTAS – AMERICAN AIRLINES ALLIANCE

1. Thank you for the opportunity to provide a submission on the proposed authorisation of the alliance between Qantas and American Airlines. This submission should be read as broadly supportive of other submissions made by our member airports.
2. NZ Airports represents 49 airports across New Zealandⁱ, including the international gateways to New Zealand, the domestic airports which make up the national air transportation network, and smaller airports focused on general aviation services. New Zealand's airports are essential infrastructure of national and regional significance that play a crucial role in the socio-economic wellbeing of our communities.
3. NZ Airports notes and welcomes the high quality and wide extent of information provided by the applicants in considering the Joint Business Arrangement authorisation. This sets an appropriately high bar for future applications under the 2023 Civil Aviation Act and for the enhanced scrutiny of the new evaluation process.
4. NZ Airports is strongly pro-competition in air services because we consider competition amongst airlines for passengers and freight as the most direct and reliable route to lower ticket prices and freight charges, and better services – all creating higher connectivity and a stronger, more productive economy for New Zealanders.
5. NZ Airports on balance supports this alliance being authorised, albeit with commitments. We provide commentary below why the proposal can be criticised and why the commitments are necessary.
6. NZ Airports submits that if the Qantas-American alliance is providing significant consumer benefits then we would expect to observe increases in its capacity and improved offerings.
7. Before granting authorisation, the Government should reflect on the situation that existed prior to the alliance forming in 2021/5/16, and question how much the alliance has really delivered - or will deliver - in benefits to New Zealand.

8. The applicants point out the Qantas service of SYD-AKL-JFK as being one of the key benefits of the alliance. However, it is reasonable to view this service as not a benefit created because of the alliance. Qantas has been flying the SYD-JFK route via a third, enroute airport for much longer than the alliance has existed.
9. This service used to operate via LAX, but was switched to being via AKL when:
 - a. it was recognised that aggregating Australian demand through AKL rather than LAX was a better option, and
 - b. as a QF response to Air NZ's AKL-JFK which was taking passengers away from Qantas.
10. As part of constructing the counter-factual, the Ministry should consider that:
 - 1) if were the alliance not authorised, Qantas would continue to fly their flagship route from Sydney to JFK via Auckland as that was the most beneficial overall route for Qantas. Therefore,
 - 2) when assessing the value/benefit of the alliance, the Ministry should exclude AKL-JFK as a service that would occur irrespective of the alliance.
11. The airlines may then argue that the alliance will help to keep the service when Qantas starts their SYD-JKF non-stop service under **Project Sunrise**. If that is the case, then the Ministry should make that a condition of authorisation.
12. Once the decision making excludes the AKL-JFK service from the application because it will occur irrespective of the alliance, the case of authorisation is left with American Airline's seasonal services.
13. While American Airlines adds capacity and competition, this is over a short season that limits their effectiveness and overall benefits. If overall capacity out of Auckland to the US is the key measure of the alliance working for New Zealand's overall benefit, then compared against what was there prior to the alliance forming (which was daily AKL-LAX with QF) it is possible that the alliance is delivering less capacity.
14. NZ Airports submits that what the alliance should be committing to delivering for the benefit of New Zealand is the following:
 - Year-round benefits, not just during the NW peak
 - Commitment to the service to JFK beyond the start of Qantas' **Project Sunrise**
 - Spreading more of the benefits around the country, by looking to connect the South Island and central New Zealand

Summary

15. It is important that the alliance is authorised with the above pro-competition principles in place to provide true competition against NZ/UA.
16. Declining the authorisation is to risk a substantial reduction in competition as the applicant airlines might not independently provide a non-stop service, leaving that market to the Air NZ-United alliance. We would oppose that outcome.
17. However, NZ Airports wishes to see greater efforts and the concrete commitments above within the alliance authorisation. Those commitments would maximise the overall benefits to the New Zealand tourism sector.

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ⁱ Our member airports include Alexandra Airport, Ardmore Airport, Ashburton Airport, Auckland Airport, Chatham Islands Airport, Christchurch Airport, Dunedin Airport, Gisborne Airport, Great Barrier Airport, Hamilton Airport, Hawke's Bay Airport, Hokitika Airport, Invercargill Airport, Kapiti Coast Airport, Kaikohe Airport, Katikati Airport, Kerikeri Airport, Marlborough Airport, Masterton Airport, Matamata Airport, Motueka Airport, Nelson Airport, New Plymouth Airport, Oamaru Airport, Pauanui Airfield, Palmerston North Airport, Queenstown Airport, Rangiora Airport, Rotorua Airport, Takaka Airport, Taupo Airport, Tauranga Airport, Te Anau Airport Manapouri, Te Kowhai Aerodrome, Thames Aerodrome, Timaru Airport, Wairoa Airport, Wanaka Airport, Whanganui Airport, Wellington Airport and West Auckland Airport.