

Public notice of a proposed decision under Section 199 of the Civil Aviation Act 2023

Authorisation

The Minister of Transport has responsibility for granting or declining authorisation of an application made under sections 195 and 199 of Civil Aviation Act 2023 (the Act). This responsibility is currently delegated to Hon James Meager, as Acting Minister of Transport responsible for aviation matters.

Section 200 of the Act requires the Minister to publish a draft Proposed Decision setting out the intention to grant or decline an authorisation. It also requires the Minister to specify a time within which the Minister will receive written representations on the proposal, before any final determination is made.

Summary

Airline cooperation agreements, such as alliances, are an increasingly common feature of international aviation. These exist primarily to improve efficiency, expand global reach, and enhance services for travellers. While alliances can result in benefits to consumers, they also risk reducing competition, which can lead to higher fares or reduced services.

Airline alliances need authorisation to manage the risk of reducing competition. The effect of an authorisation is that the arrangements are exempt from provisions of the Commerce Act 1986 that prohibit behaviour that substantially lessens competition.

The Ministry uses an assessment framework to help it assess applications consistently under the Act. The Ministry of Transport has analysed the application on behalf of the Minister.

Section 199 of the Act provides the scope and statutory test about which the Minister must be satisfied before granting that authorisation.

Proposal

Qantas and American Airlines have applied for the continued authorisation of their airline alliance, under their Joint Business Agreement (the JBA). The JBA was first authorised by the Minister of Transport in 2011 and last renewed in November 2020. I recently extended this authorisation to 31 March 2026. The Applicants seek authorisation to continue to give effect to the JBA for a further term of five years, until 31 March 2031.

Under the JBA, the two airlines jointly operate Trans-Pacific and Trans-Tasman routes between New Zealand, Australia and North America. The JBA governs both airlines' commercial activity on routes between Auckland and Los Angeles, Auckland and Dallas Fort Worth, Sydney and Auckland, and Auckland and New York.

The Ministry consulted the public on this application in August 2025.

I support the continuation of the Qantas and American Airlines JBA

I conclude that the JBA delivers net public benefits to New Zealand.

My assessment is that these flights provide for capacity, connectivity and consumer choice benefits to New Zealand. This contributes to economic prosperity and efficiency in the civil aviation system.

I accept that without the JBA there would be a reduction of flights by these carriers between New Zealand, Australia and the United States. This would likely lead to a material loss of Trans-Pacific capacity if the JBA is not authorised.

The applicants are not the dominant operators on the NZ-North America market. I assess that the JBA enables Qantas and American Airlines to more effectively compete with the dominant carriers.

Trans-Pacific direct capacity has increased since the JBA was first authorised in 2011. This increase came from the applicants and from other airlines operating independently. This suggests there has not been a dampening of competition in this market. Instead, it suggests that continuing with the JBA will have pro-competitive effect on the Trans-Pacific market.

I have considered aligning the expiry dates of the authorisation for the JBA with the expiry of the Air New Zealand and United Airlines alliance agreement. However, I do not see the benefit in looking at the cumulative effect of the alliances in the North American market, in the current circumstances. This is due to the low competition concerns and the JBA parties not being the dominant operators on the trans-Pacific market. The Qantas American Airlines JBA creates competition where there is already a dominant party. Therefore, it is better to give the JBA parties the certainty that extending the authorisation for 5 years provides.

Notice of proposed decision

In accordance with section 200 of the Civil Aviation Act 2023, I, James Meager, as Acting Minister of Transport (with responsibility for all aviation matters), give public notice of my intention to grant authorisation to Qantas and American Airlines to continue to implement their Joint Business Agreement dated 26 September 2011.

The proposed authorisation is for five years to 31 March 2031 and is not subject to any conditions.

Any written representations from any person regarding the proposed decision to grant the authorisation should be submitted to the Ministry of Transport - alliances@transport.govt.nz by Monday 22 December 2025. Submissions will then be made public before Christmas. Any cross-submissions on these submissions will be accepted by Friday 23 January 2026.

Hon James Meager

Acting Minister of Transport

1 December 2025