

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

1. EXECUTIVE SUMMARY¹

- 1.1 In 2024, Air New Zealand and Virgin Australia commenced a limited and unilateral trans-Tasman codesharing arrangement which the Ministry authorised until 22 August 2029 (**Existing Codeshare**).² The Applicants now seek to broaden their partnership to enable reciprocal codeshare and access to other significant public benefits including reciprocal frequent flyer accrual and redemption opportunities and high value guest recognition benefits across the whole network of each airline,³ whether marketed under the NZ or VA code.
- 1.2 The Applicants seek authorisation from the Minister pursuant to Part 6 of the Civil Aviation Act 2023 (the **CAA 2023**) to make and give effect to the conduct provided for in an Amendment and Restatement Commercial Framework Agreement (**ARCFA**), a Codeshare Agreement, and various related agreements.
- 1.3 The Proposed Conduct (as defined in section 3.5) is designed to better serve New Zealand and Australian passengers by providing increased convenience and value, stimulating tourism, and prompting a competitive response in relation to the prices, products and services provided. The deeper partnership includes:
- (a) reciprocal codeshare on trans-Tasman services (excluding Queenstown) and connecting domestic services. Air New Zealand will codeshare on Virgin Australia operated domestic Australian services connecting to its trans-Tasman services and Virgin Australia will place its code on Air New Zealand operated trans-Tasman and connecting domestic New Zealand legs;
 - (b) global reciprocal frequent flyer accrual and redemption across the network of each airline, whether marketed under the NZ or VA code; and
 - (c) global reciprocal status benefits across the network of each airline, whether marketed under the NZ or VA code (including lounge access and access to premium services for eligible high value guests).
- 1.4 In practical terms, the Proposed Conduct will allow customers to book seamless travel between Air New Zealand's domestic New Zealand network and Virgin Australia's domestic Australian network on a single itinerary, using either airline's code from all points in New Zealand serviced by Air New Zealand to all domestic Australian points serviced by Virgin Australia and vice versa. Customers will also benefit from reciprocal loyalty and status recognition across both airlines' networks, whether marketed under the NZ or VA code. This includes expanded opportunities to earn and redeem points (the Proposed Conduct materially broadens the booking classes in which Koru members can earn Airpoints when travelling on VA-operated services [REDACTED] as well as the routes on which Koru members can earn and redeem Airpoints), access lounges and receive premium travel benefits.
- 1.5 Virgin Australia does not operate or have coded access to domestic New Zealand services. Outside of the existing codeshare with Air New Zealand, Virgin Australia only operates services to Queenstown and has no other trans-Tasman services. For Air New Zealand, the Proposed Conduct provides significant benefits, including in comparison to its current codeshare arrangements with both Virgin Australia and Qantas, as it provides a more competitive New Zealand–Australia proposition. For Virgin Australia, the Proposed Conduct fills this network gap and provides an opportunity for it to offer onward domestic New Zealand travel as part of a single VA coded itinerary along with a much more compelling competitive proposition against the Qantas Group.

¹ The information contained in this application is accurate as at the date of submission.

² OC240623. Refer to the MOT's Report of July 2024, MOT "Air New Zealand and Virgin Australia Codeshare Agreement Authorisation 2024 – Ministry of Transport Analysis" (July 2024) <<https://www.transport.govt.nz/assets/Uploads/OC240623-Air-New-Zealand-and-Virgin-Australia-Codeshare-Authorisation-Report-REDACTED.pdf>>. The MOT's authorisation of the Existing Codeshare expires on 22 August 2029.

³ Excluding Virgin Australia's services between Australia and Doha, operated by Qatar Airways under a wet lease arrangement.

- 1.6 Absent the Proposed Conduct, neither Air New Zealand nor Virgin Australia will be able to provide as effective a competitive constraint against the Qantas Group. The Qantas Group will retain its structural advantage with substantial operations across domestic Australia, the trans-Tasman and domestic New Zealand, alongside a strong loyalty and corporate proposition. Again, absent the Proposed Conduct, it will have the only loyalty program with a comprehensive solution on trans-Tasman itineraries (including domestic Australian and New Zealand legs), and it will not have the same incentive to compete on price, product and service without the Proposed Conduct. The Proposed Conduct is likely to stimulate a competitive response from the Qantas Group across the trans-Tasman and beyond and behind in domestic New Zealand and Australia and New Zealand and Australian consumers will benefit from greater competition and enhanced price-services offerings. The Proposed Conduct enables Air New Zealand and Virgin Australia to replicate the breadth of the loyalty offering of the Qantas Group.
- 1.7 The MOT authorised the Existing Codeshare recognising limited benefits in the form of incremental traffic to New Zealand, with corresponding benefits in the form of additional tourism spend and increased efficiency and sustainability of Air New Zealand's flight operations.⁴ The Existing Codeshare was a much more limited arrangement. The Proposed Conduct will result in meaningful and additional public benefits, most notably in the form of lower Special Prorate Agreement (**SPA**) rates offered by Virgin Australia, which results in the potential for lower fares for New Zealanders travelling to/from domestic Australian ports and Frequent Flyer Programme (**FFP**) benefits stimulating a competitive response.
- (a) Air New Zealand has an existing traditional arms-length codeshare with Qantas. Unlike Virgin Australia, the Qantas Group has extensive Tasman operations and some domestic New Zealand services, and thus directly competes with Air New Zealand. As set out in the NERA Report, this structural difference means that Qantas does not have the same incentives to strike a competitive SPA rate for relevant itineraries involving a domestic Australia leg as Virgin Australia does with Air New Zealand.⁵ The economic theory is borne out in practice as the SPA rates which Air New Zealand has negotiated with Virgin Australia are [REDACTED].⁶ In addition to the stronger loyalty program benefits, a lower SPA rate in turn leads to the potential for lower consumer fares given Air New Zealand's incentives to pass through the lower wholesale costs to its customers.⁷ The Proposed Conduct enables the Applicants to provide consumers with a better price and service offering, while prompting the Qantas Group to respond competitively, further enhancing consumer benefits.
- (b) Air New Zealand and Virgin Australia customers will have access to increased joint promotional, loyalty and marketing activities, and joint distribution under the Proposed Conduct. Air New Zealand will have a stronger incentive to engage in joint marketing initiatives pursuant to the Proposed Conduct given that Virgin Australia is not a material competitor. Since it does not operate trans-Tasman services (excluding Queenstown), Virgin Australia will be incentivised to promote travel on Air New Zealand's network on a VA⁸ code. Additionally, the Proposed Conduct offers more opportunities for Koru members to earn Airpoints on relevant itineraries as a result of a broader range of eligible booking classes and routes on Virgin Australia's network, providing increased benefits to Koru members without Air New Zealand [REDACTED].
- 1.8 The Proposed Conduct does not result in any competitive detriment because it does not remove any competition, operated services or benefits that would be available without the Proposed Conduct. Instead, it generates benefits and value for consumers that would not otherwise exist.

⁴ OC240623. Refer to the MOT's Report of July 2024, MOT "Air New Zealand and Virgin Australia Codeshare Agreement Authorisation 2024 – Ministry of Transport Analysis" (July 2024) <<https://www.transport.govt.nz/assets/Uploads/OC240623-Air-New-Zealand-and-Virgin-Australia-Codeshare-Authorisation-Report-REDACTED.pdf>>, at [97] to [110].

⁵ This is discussed in further detail in the report dated 9 September 2026 by NERA (**NERA Report**), included as Appendix A to this Application.

⁶ Air New Zealand, included in Appendix B to this Application, see Tab "Paras 1.6(a)-6.7 SPA rates". Appendix B is an excel spreadsheet containing the technical analysis and data in support of this Application.

⁷ See NERA Report dated 9 September 2026, included as Appendix A to this Application, at [28].

⁸ For completeness, VA is Virgin Australia's International Air Transport Association (**IATA**) code.

- 1.9 The Applicants consider that the Proposed Conduct contributes to the main purpose and each of the additional purposes of the CAA 2023.
- 1.10 Accordingly, as the Proposed Conduct will deliver a range of clear and tangible public benefits without any competitive detriment, and the Applicants consider that the Proposed Conduct meets the two-pronged statutory test for authorisation under section 199(2) of the CAA 2023, authorisation is requested for a period of five years.

2. THE APPLICANTS

2.1 This Application is made by:

- (a) Air New Zealand Limited, a company incorporated under the laws of New Zealand (company number 104799 and ABN 70 000 312 685) (**Air New Zealand**); and
- (b) Virgin Australia Airlines Pty Ltd (ABN 36 090 670 965), on behalf of it and its related bodies corporate, and Virgin Australia International Airlines Pty Ltd (ABN 63 125 580 823) and its related bodies corporate (together, **Virgin Australia**).

Air New Zealand

- 2.2 Air New Zealand is New Zealand's national flag carrier. It operates a global network of air passenger services and cargo transport services to, from, and within New Zealand. Air New Zealand carries more than 16 million passengers every year, with more than 400 flights a day to 49 domestic and international destinations.⁹ Air New Zealand operated a fleet of 115 aircraft as at 31 December 2025.¹⁰
- 2.3 The New Zealand government owns 51% of Air New Zealand, with the remainder owned by private investors.¹¹ Air New Zealand is listed on the New Zealand and Australian stock exchanges and is a member of Star Alliance.
- 2.4 Air New Zealand flies trans-Tasman services to ten destinations in Australia on the following routes:
- (a) Auckland to: Sydney, Western Sydney International,¹² Melbourne, Brisbane, Perth, the Gold Coast, Cairns (seasonally), the Sunshine Coast (seasonally), Adelaide and Hobart (seasonally);
 - (b) Wellington to: Brisbane, Melbourne and Sydney;
 - (c) Christchurch to: Brisbane, Melbourne, Sydney, Adelaide (seasonally), Perth¹³ and the Gold Coast (seasonally); and
 - (d) Queenstown to: Melbourne, Sydney and Brisbane (seasonally).
- 2.5 Air New Zealand operates a loyalty program known as Koru, with [REDACTED] members, including [REDACTED] members in Australia.¹⁴ Members earn points by travelling on Air New Zealand and spending with retail partners. Flights also earn member Status Points, for VIP benefits in the air and on the ground.

Virgin Australia

- 2.6 Virgin Australia currently offers passenger services to 34 destinations across Australia, Asia and the Pacific using a fleet of 110 narrowbody aircraft.¹⁵ Virgin Australia is headquartered in Brisbane. In 2025, Qatar Airways acquired a 25% interest in Virgin Australia and the company

⁹ Air New Zealand "Company Profile" <<https://www.airnewzealand.co.nz/corporate-profile>>.

¹⁰ Air New Zealand "Operating fleet" <<https://www.airnewzealand.com/en-nz/fleet>>.

¹¹ Air New Zealand "Frequently asked questions about Investing in Air New Zealand" <<https://www.airnewzealand.co.nz/investor-centre-frequently-asked-questions>>.

¹² From October 2026, subject to government approvals.

¹³ From December 2026, subject to government approvals.

¹⁴ Air New Zealand internal estimate.

¹⁵ Virgin Australia currently operates short-haul international services to Queenstown, New Zealand; Nadi in Fiji; Denpasar (Bali) in Indonesia; and Port Vila in Vanuatu. Virgin Australia also operates long-haul services to Doha under a wet-lease with Qatar Airways.

was relisted on the ASX.¹⁶ Virgin Australia also operates long-haul services between Australia and Doha under a wet-lease arrangement with Qatar Airways.¹⁷

2.7 Beyond the existing partnership with Air New Zealand, Virgin Australia only has a limited trans-Tasman presence through its services to Queenstown.¹⁸ Virgin Australia does not operate any other trans-Tasman services or domestic New Zealand routes.

2.8 Virgin Australia also operates two loyalty programs, being:

- (a) Velocity Frequent Flyer (**VFF**), by which members earn Velocity Points through eligible travel and purchases, including transactions with a wide range of partner brands, and redeem those Points for travel or purchases with retail partners. Eligible tiered members can also access other benefits such as lounge access and upgrades; and
- (b) Velocity Business, part of Virgin Australia Business Flyer (**VABF**), which is designed for small and medium-sized businesses to earn Velocity Points on eligible business travel and everyday expenses through participating partners, in addition to accessing benefits such as discounted fares and travel management tools. Both the business and its individual travellers (through VFF) can earn Points under this program.

Contact details

2.9 The Applicants request that all correspondence which relates to this Application is directed to Bell Gully in the first instance.

Bell Gully	
Torin Crowther (Partner)	Email: [REDACTED] Phone: [REDACTED]
Emma Quigley (Senior Associate)	Email: [REDACTED] Phone: [REDACTED]

2.10 For completeness, the Applicants' contact details are set out in the tables below.

Air New Zealand	
Address for notices:	185 Fanshawe Street, Auckland, 1010, New Zealand Email: [REDACTED] Copy to: [REDACTED]
Contact person:	[REDACTED]

¹⁶ Virgin Australia "Virgin Australia and Qatar Airways partnership takes off" (27 February 2025)

<<https://www.virginaustralia.com/au/en/newsroom/2025/2/virgin-australia-and-qatar-airways-partnership-takes-off/>>.

¹⁷ ACCC "Virgin Australia and Qatar Airways integrated alliance authorised, doubling flights between Doha and Australia" (28 March 2025) <<https://www.accc.gov.au/media-release/virgin-australia-and-qatar-airways-integrated-alliance-authorised-doubling-flights-between-doha-and-australia>>.

¹⁸ Virgin Australia operates daily return services to Queenstown from Sydney and Brisbane and four return services per week between Queenstown and Melbourne.

Virgin Australia		
Address for notices:	PO Box 1034, Spring Hill, QLD 4004 Email: [REDACTED] Copy to: [REDACTED]	
Contact person:	[REDACTED]	
Legal Advisors:	Gilbert + Tobin	
	Louise Klamka (Partner)	Email: [REDACTED] Phone: [REDACTED]
	Rebecca Dollisson (Special Counsel)	Email: [REDACTED] Phone: [REDACTED]

3. THE PROPOSED CONDUCT

Authorisation of the existing codeshare

- 3.1 In 2024, the Applicants commenced a limited and unilateral trans-Tasman codesharing arrangement which was authorised pursuant to the CAA until 22 August 2029, being the Existing Codeshare.¹⁹ The Australian Competition and Consumer Commission (**ACCC**) also authorised the Existing Codeshare²⁰ and the Applicants are similarly seeking the ACCC's authorisation for the Proposed Conduct.
- 3.2 Under the Existing Codeshare:
- (a) Virgin Australia places its code (i.e. VA) on Air New Zealand operated trans-Tasman services (point of sale Australia only), on routes where Virgin Australia does not operate. This excludes overlapping services operated by Virgin Australia (i.e. to and from Queenstown) and Air New Zealand domestic services.
 - (b) Air New Zealand specifies the public fares at which Virgin Australia may market and resupply VA*NZ services. This includes itineraries involving only VA coded Air New Zealand operated services (e.g. SYD-AKL) and itineraries that include connecting Australian domestic services operated by Virgin Australia and a VA coded Air New Zealand operated trans-Tasman service (e.g. CBR-SYD-AKL).
 - (c) VFF members can earn Velocity Points and accrue status when travelling on eligible VA*NZ trans-Tasman flights and redeem their Points for travel on these services but only through Virgin Australia's Any Seat offering, noting that Air New Zealand has not allowed Virgin Australia to offer its enhanced Reward Seat product on these services in the absence of the Proposed Conduct and an expanded partnership. The Existing Codeshare did not change the scope of Koru member earn and burn.
 - (d) Eligible Virgin Australia customers have access to Air New Zealand's international lounges when travelling on VA*NZ trans-Tasman services. The Existing Codeshare did not provide additional lounge access for Air New Zealand's customers.
 - (e) The Applicants may jointly identify corporate and small and medium-sized enterprise (**SME**) customers to provide discounts and other offers for trans-Tasman itineraries involving VA coded, Air New Zealand operated trans-Tasman services (including itineraries with connecting Australian domestic services operated by Virgin Australia); and
 - (f) The Applicants offer reciprocal, network-wide staff travel.
- 3.3 The MOT authorised the Existing Codeshare recognising limited benefits in the form of incremental traffic to New Zealand, with corresponding benefits in the form of additional tourism spend and increased efficiency and sustainability of Air New Zealand's flight operations.²¹ The Existing Codeshare was a much more limited arrangement. The Proposed Conduct results in meaningful and additional public benefits (most notably in the form of lower SPA rates offered by Virgin Australia, which results in the potential for lower fares for New Zealanders travelling to/from connecting domestic Australian ports, as well as FFP and high value guest benefits across both parties' networks). The parties do not operate competing routes (with the exception of Queenstown) and so it remains the case that there is no competitive detriment.

¹⁹ OC240623. Refer to the MOT's Report of July 2024, MOT "Air New Zealand and Virgin Australia Codeshare Agreement Authorisation 2024 – Ministry of Transport Analysis" (July 2024) <<https://www.transport.govt.nz/assets/Uploads/OC240623-Air-New-Zealand-and-Virgin-Australia-Codeshare-Authorisation-Report-REDACTED.pdf>>. The MOT's authorisation of the Existing Codeshare expires on 22 August 2029.

²⁰ AA1000653. Refer to the ACCC's Final Determination, ACCC "ACCC authorisation for Virgin Australia to sell and market Air New Zealand's trans-Tasman services" (6 June 2024) <<https://www.accc.gov.au/media-release/accc-authorisation-for-virgin-australia-to-sell-and-market-air-new-zealand%E2%80%99s-trans-tasman-services>>. Note that the ACCC's authorisation expires on 30 June 2029.

²¹ OC240623. Refer to the MOT's Report of July 2024, MOT "Air New Zealand and Virgin Australia Codeshare Agreement Authorisation 2024 – Ministry of Transport Analysis" (July 2024) <<https://www.transport.govt.nz/assets/Uploads/OC240623-Air-New-Zealand-and-Virgin-Australia-Codeshare-Authorisation-Report-REDACTED.pdf>>, at [97] to [110].

The Proposed Conduct

- 3.4 The Applicants seek authorisation to engage in the following proposed conduct, which is provided for in the ARCFA and various related, inter-conditional agreements.²²
- 3.5 Under these arrangements, the Applicants will agree to deepen and enhance their existing commercial relationship to better serve New Zealand and Australian passengers by cooperating as follows:
- (a) reciprocal codeshare on a free sale basis, excluding any overlapping services operated by the Applicants (or services over which they have pricing control). This will include:
 - (i) Air New Zealand codesharing on Virgin Australia operated domestic Australia connections to non-overlapping Air New Zealand operated trans-Tasman services, selling these services as part of connecting itineraries; and
 - (ii) Virgin Australia placing its code on Air New Zealand operated trans-Tasman and connecting domestic New Zealand services. Virgin Australia will sell VA*NZ trans-Tasman services on a standalone basis and as part of itineraries connecting with domestic Australian services and/or domestic New Zealand services;
 - (b) global reciprocal frequent flyer program participation (accrual and redemption);
 - (c) global reciprocal status benefits, including lounge access for eligible customers, e.g.:
 - (i) Koru elite status members may access Virgin Australia operated lounges when travelling on Virgin Australia operated services; and
 - (ii) VFF elite status members may access Air New Zealand or third party operated lounges when travelling on Air New Zealand operated services;
 - (d) global reciprocal access to premium services for high value guests;
 - (e) cooperation on network planning to facilitate schedule optimisation, maximise connections and enable the efficient use of capacity between the Applicants' complementary networks;
 - (f) Air New Zealand specifying the pricing for passengers on codeshare services, including in relation to public and private fares, rebates and discounts at which Virgin Australia may market and resupply Air New Zealand operated trans-Tasman services and trans-Tasman itineraries from Australian point of sale only with beyond and/or behind connections in New Zealand and/or Australia;
 - (g) potential cooperation on pricing for agents in relation to codeshare services, including public and private fares, rebates, incentives and discounts;
 - (h) cooperation in relation to fare rules and conditions on codeshare services;
 - (i) cooperation in relation to sales, marketing, advertising, promotion and distribution strategies, including in relation to promotional activities supporting frequent flyer programs;
 - (j) joint identification, targeting, approaching and pricing of offers and discounts to corporate/SME customers in relation to Air New Zealand operated domestic New Zealand and Virgin Australia operated domestic Australia services and non-overlapping trans-Tasman services. Under the Proposed Conduct, Air New Zealand and Virgin Australia may:

²² The existing Commercial Framework Agreement will be amended by the Applicants entering an Amendment and Restatement Agreement and the agreement being amended and restated on the effective date which will occur after approvals have been obtained, see the ARCFA between Virgin Australia and Air New Zealand – dated 9 September 2026, included as part of Appendix C to this Application.

- (i) jointly construct and tailor corporate pricing, offerings and discounts for customers, based on factors such as their travel spend or volume; and
 - (ii) jointly determine and allocate target customers;
 - (k) joint procurement to enable efficiencies and cost savings; and
 - (l) sharing information to the extent necessary to facilitate the matters referred to above,
- (together, the **Proposed Conduct**).
- 3.6 The Proposed Conduct does not apply on routes where the Applicants operate their own overlapping services, i.e. services to or from Queenstown. However, each Applicant's customers can still accrue and redeem points on these services and receive other high value guest benefits that are on offer as a result of the Proposed Conduct.
- 3.7 The Proposed Conduct will also cease to apply, with the exception of reciprocal loyalty program and high value guest benefits, in relation to any route which the Applicants operate or have pricing control over in competition with the other in future.

Commercial Rationale

3.8 For Air New Zealand, the Proposed Conduct:

- (a) **provides Air New Zealand with access to Virgin Australia's network at a favourable SPA rate:** Under the proposed commercial framework, Air New Zealand gains access to Virgin Australia's comprehensive domestic Australian network connections at a lower SPA rate than the rate offered by Qantas under the existing QF-NZ Codeshare, given Virgin Australia is not a direct competitor to Air New Zealand on the Tasman (other than ZQN) or in domestic New Zealand. Lower input pricing on Australian domestic sectors is strategically important because it improves the competitiveness of end-to-end itineraries that include both trans-Tasman and onward domestic Australian travel. In particular, this improves Air New Zealand's ability to present a more competitive overall offering to corporate and SME customers who often require travel across (and within) Australia and New Zealand;
- (b) **enables Air New Zealand customers to earn and redeem loyalty points across Virgin Australia's network:** The Proposed Conduct enables Air New Zealand's customers to earn and redeem Airpoints and gain access to high value guest benefits across Virgin Australia's network²³ on both VA coded and NZ coded flights (not just on NZ coded flights, as is the case under the QF-NZ Codeshare), providing increased customer choice and convenience. For corporate and SME customers, loyalty settings, lounge access and status recognition are especially important because they increase the attractiveness of the overall proposition to both the contracting customer and the individual traveller; and
- (c) **enables increased promotional campaigns to facilitate the growth of trans-Tasman and domestic New Zealand travel and Air New Zealand's business:** Air New Zealand will have an increased ability and incentive to market services through joint promotional and loyalty activities (e.g. double points campaigns) than the existing relationship with both Qantas and Virgin Australia has allowed, given that this activity would be [REDACTED] under the Proposed Conduct. Currently, Air New Zealand [REDACTED].

3.9 [REDACTED].²⁴

3.10 For Virgin Australia, there are a number of significant commercial benefits as a result of the Proposed Conduct, namely:

²³ Excluding Virgin Australia's flights between Australia and Doha, operated by Qatar Airways under a wet lease arrangement.

²⁴ See for example Air New Zealand [REDACTED], included as part of Appendix D to this Application.

- (a) **It provides Virgin Australia with a domestic New Zealand offering:** In 2025, Australians travelled to New Zealand more than any other country (except Indonesia) and New Zealand was the largest source of visitors to Australia.²⁵ Australian customers value the ability to travel to New Zealand, earn and redeem loyalty points on that travel, and often require connectivity with domestic New Zealand routes as part of leisure or corporate travel needs. Under the Existing Codeshare, once customers arrive in New Zealand, Virgin Australia has no way to offer onward domestic travel as part of a single VA coded itinerary. This is significant given ~8% of trans-Tasman passengers connect to a domestic NZ service.²⁶ Under the Proposed Conduct, Virgin Australia will be able to offer these customers trans-Tasman itineraries which connect to domestic NZ services from Auckland, Christchurch and Wellington. Virgin Australia has [REDACTED].
- (b) **It strengthens Virgin Australia's corporate and SME offering:** Corporate and SME customers are high frequency travellers who provide important revenue for airlines and increase the sustainability of providing air passenger services. Virgin Australia faces limitations in attracting Australian corporate and SME clients and high frequency travellers if it cannot offer a competitive network including trans-Tasman and domestic New Zealand connectivity, and other features attractive to such passengers e.g. frequency, the ability to earn and redeem loyalty points and lounge access. Virgin Australia is aware of [REDACTED].
- (c) **Fills existing gaps in Virgin Australia's offering:** For Virgin Australia, the Proposed Conduct fills the gaps identified in (a) and (b) by offering customers:
- (i) continued access to codeshare trans-Tasman services (outside of Queenstown routes) beyond the period of the existing authorisation;
 - (ii) new VA coded access to 20 domestic New Zealand destinations as part of their trans-Tasman itinerary;
 - (iii) the ability to earn Velocity Points on Air New Zealand's domestic services and across its entire network (whether marketed under the NZ or VA code);
 - (iv) point redemption on Air New Zealand trans-Tasman, domestic and other flights, including access to rewards seats on those services; and
 - (v) status benefits and lounge access for flights across Air New Zealand's entire network.

This enhanced offer will strengthen Virgin Australia's domestic competitive position against the Qantas Group (which has ~65% market share²⁷) by increasing its ability to service higher yield corporate customers, offer more attractive frequent flyer benefits, build customer loyalty for domestic and other journeys, and benefit from feeder traffic which might otherwise have gone to Qantas.

²⁵ Australian Bureau of Statistics "Overseas arrivals and departures, Australia – 2024-25 financial year" (14 August 2025) <<https://www.abs.gov.au/articles/overseas-arrivals-and-departures-australia-2024-25-financial-year>>.

²⁶ For the year ended March 2026, based on International Air Transport Association data.

²⁷ ACCC "Domestic Airline Competition in Australia" (June 2026) <https://www.accc.gov.au/system/files/accc-domestic-airline-competition-in-australia-june-2026_0.pdf>.

4. AUTHORISATION SOUGHT

- 4.1 The Minister has jurisdiction in Part 6 of the CAA 2023 to grant authorisation if the Applicants consider the Proposed Conduct would or might breach section 27 of the Commerce Act (or section 30, if section 31 does not apply to that conduct).
- 4.2 The Applicants accept that, depending on what conclusions could be drawn from the underlying market characteristics and counterfactuals, the Proposed Conduct might otherwise contravene the Commerce Act, in which case they consider they are eligible to apply for authorisation pursuant to section 195 of the CAA 2023.
- 4.3 Section 199 provides that the Minister has discretion to authorise provisions within an arrangement that relate to the “specified activities” listed in section 199(4) or activities that are ancillary to a specified activity that are reasonably necessary for the purpose of the collaboration between the Applicants. The Applicants consider that the coordination explained above at section 3 meets these criteria and therefore seek authorisation for that conduct. The Applicants do not seek authorisation from the Minister for the provisions relating to joint procurement/purchasing, referred to in clause 3(a)(xi) of the ARCFA.²⁸

Statutory Authority to authorise the Proposed Conduct

- 4.4 The Minister’s discretion to authorise the Proposed Conduct is provided for in section 199 of the CAA 2023. The Applicants seek authorisation under this section to make and give effect to the Proposed Conduct.
- 4.5 Section 199(2) of the CAA 2023 sets out the two-pronged statutory test upon which the Minister must be satisfied before granting an authorisation. More specifically, the Minister may grant authorisation if satisfied that:
- (a) granting the authorisation will contribute to the main purpose or any of the additional purposes of the CAA 2023; and
 - (b) giving effect to the provisions of the contract, arrangement, or understanding to which the application relates will in all the circumstances result, or be likely to result, in a benefit to the public that would outweigh any lessening in competition that would result, or would be likely to result, from those provisions.
- 4.6 The Applicants consider that the Proposed Conduct meets the test for authorisation and that the Minister should exercise his discretion to authorise the Proposed Conduct pursuant to section 199 of the Act.

Duration sought

- 4.7 The Applicants seek authorisation in respect of the Proposed Conduct for five years, including because:
- (a) the Proposed Conduct will result in benefits to New Zealand without any competitive detriment;
 - (b) any shorter period would be insufficient to implement the Proposed Conduct and fully realise the public benefits described in further detail in Section 6; and
 - (c) substantial additional investment in systems, processes and resources is required to implement the Proposed Conduct, over and above that required by the current arrangements. This includes:
 - (i) sales platform development and configuration;

²⁸ ARCFA dated 9 September 2026, included as part of Appendix C to this Application, Schedule 1, clause 3(a)(xi).

- (ii) integrating loyalty programs, including configuring the earning and redemption systems for Koru, VFF and VABF;
- (iii) system development to enable automated recognition of elite members in each Applicant's systems, to deliver loyalty benefits seamlessly;
- (iv) aligning booking and inventory systems; and
- (v) updating consumer and B2B facing materials, e.g., websites and Virgin Australia's B2B booking portal,

among other implementing activities.

- 4.8 As the Ministry recognises in its Operational Policy, the Minister generally authorises agreements for five years under the Civil Aviation Act 1990, a practice which has continued so far under the CAA 2023. The Policy notes that this time period is commonly used by overseas authorities, and it gives applicants sufficient certainty and stability while allowing the agreement to be reviewed at an appropriate interval.

5. ASSESSMENT FRAMEWORK ANALYSIS

Relevant Markets: International air passenger services between Australia and New Zealand (trans-Tasman services)

- 5.1 The trans-Tasman air passenger services market refers to those services between any point in New Zealand and any point in Australia. In the year ending December 2025, New Zealand saw over 1.5 million overseas visitor arrivals from Australia, and an additional almost 1.3 million arrivals from New Zealand residents that had visited Australia.²⁹
- 5.2 The competitive dynamics of the trans-Tasman market are characterised by many operators (at least eight carriers in 2025³⁰) and the ability for new entry and expansion due to the Open Skies Agreement (for domestic New Zealand and Australian airlines) and fifth freedom rights available for international carriers.³¹ Australian and New Zealand designated airlines operate without regulatory limits on capacity or frequency and have no restrictions on the routes they can operate to, within, or beyond the two countries.

Counterfactual

- 5.3 The most likely counterfactual is the status quo. That is the Applicants would continue to operate under the Existing Codeshare and limited partnership until expiry, [REDACTED]. In this counterfactual, consumers would be worse-off in terms of the price service offers available on the trans-Tasman and connecting services beyond and behind in domestic New Zealand and Australia, with fewer options for earning and redeeming frequent flyer points, high value guest benefits, lounge access, and reduced access to coded journeys. The Applicants would have reduced incentives to offer access to favourable SPA rates and to promote travel on each other's operated services.
- 5.4 Absent the Proposed Conduct, Air New Zealand would likely [REDACTED]. Air New Zealand does not expect to [REDACTED].
- 5.5 Further details of Virgin Australia's counterfactual are provided in confidential **Appendix E** to this Application.

Competition effects: the absence of any competitive overlap

- 5.6 The Proposed Conduct will deliver enhanced public benefits without any competitive detriment. The Proposed Conduct does not remove any competition, operated services or net benefits that would be available without the Proposed Conduct.
- 5.7 While the Proposed Conduct will lead to the existing codeshare between Qantas and Air New Zealand ending for domestic services, this will not result in any material loss in available services or connectivity for New Zealand consumers. The operated services will still be available including services under a new VA coded option - VA*NZ (a coded option not previously available for domestic New Zealand). The Proposed Conduct will not remove the Qantas Group's domestic operations in New Zealand (through Jetstar) or Australia or the option to fly those services.
- 5.8 [REDACTED] Air New Zealand customers will have access to all other connecting domestic Australian ports through NZ*VA services (where Virgin Australia has the incentive to provide this at a better SPA rate than NZ*QF), including the accompanying FFP/high value guest benefits across each Applicant's networks and the potential for better and more convenient connectivity through schedule optimisation.
- (a) The Proposed Conduct does not remove competition between Air New Zealand and Virgin Australia. The Applicants' networks are complementary and any overlapping services are

²⁹ Stats NZ "International Travel December 2025" (13 February 2026) <<https://www.stats.govt.nz/information-releases/international-travel-december-2025/>>, included in Appendix B to this Application, see Tab "Para. 5.1".

³⁰ As at November 2025, this includes Air New Zealand, Virgin Australia, Qantas, Jetstar, Emirates, China Airlines, China Eastern Airlines and Solomon Airlines.

³¹ Fifth freedom rights allow an airline from one country to land in a foreign country, collect passengers or cargo, and continue to another foreign country, as long as the overall flight begins or ends in its home country.

excluded from the codeshare and pricing arrangement, while FFP/high value guest benefits remain across each Applicant's entire network.

- 5.9 Virgin Australia does not currently operate domestic New Zealand services or trans-Tasman services except services to/from Queenstown. It has made a [REDACTED] overlapping trans-Tasman routes, these will be carved out from the Proposed Conduct (apart from loyalty and status benefits).
- 5.10 Pricing cooperation under the Proposed Conduct does not apply to overlapping services (either by operation or by marketing and price control over the services), and these services are expressly excluded from the proposed agreements between the Applicants. On this basis, the Proposed Conduct (excluding the FFP/high value guest benefits) does not apply to Queenstown services and would also cease to apply in relation to a trans-Tasman route if Virgin Australia commences operating its own services in competition with Air New Zealand on that route or not operating but marketing VA coded services in competition with Air New Zealand where Virgin Australia has pricing control on that route.
- 5.11 The Tasman is a highly competitive, open market with low regulatory barriers to entry and a range of providers (including full-service carriers, low-cost carriers and fifth freedom carriers) already operating or able to operate services, such as Qantas/Jetstar, Emirates and China Airlines. The Proposed Conduct does not provide an increased incentive or ability to anti-competitively raise airfares and / or reduce service quality on trans-Tasman services. To the contrary, it provides enhanced services and a greater ability for downward pressure on prices as well as promoting a further competitive response from other carriers such as Qantas/Jetstar. In the event of any attempts to anti-competitively raise airfares and / or reduce service quality, other carriers are well placed to increase frequency or enter and provide new services thwarting such attempts.

Competitors: entry and expansion on the Tasman

- 5.12 Qantas, Jetstar and Air New Zealand are the three major, long-standing, carriers that offer the largest networks of services between New Zealand and Australia. Unlike Virgin Australia, the Qantas Group (via Jetstar) and Air New Zealand have well-established domestic New Zealand operations, which further support their trans-Tasman offering.
- 5.13 As discussed below, given connections between New Zealand and Australia for onward international travel and the liberal aviation policies of each country in respect of the trans-Tasman, these routes can be served by international operators using fifth freedom rights at marginal cost. As a result, fifth freedom carriers are an established feature of the Tasman market, with regular entry from international airlines. Emirates (which has an authorised alliance with Qantas including on the Tasman),³² Qatar Airways,³³ China Airlines, China Eastern and Solomon Airlines all currently operate trans-Tasman services.³⁴
- 5.14 Table 1 below shows each carrier's share of the trans-Tasman market in 2025 and 2026. The Qantas Group led in both 2025 and 2026, accounting for 51% of Available Seat Kilometres in 2026.³⁵

³² AA1000625. Qantas and American Airlines "Application for Re-authorisation under CAA 2023" (18 July 2025) <<https://www.transport.govt.nz/assets/QF-AA-Public-version-Authorisation-Application.pdf>>.

³³ Qatar Airways operates a flight from Adelaide to Auckland. For completeness, this does not form part of Virgin Australia's authorisation with Qatar Airways; however, VFF members can earn and redeem VFF Points on this route.

³⁴ We understand that Solomon Airlines and China Eastern have since ceased operating trans-Tasman services.

³⁵ As the ACCC has recognised in its regular monitoring of domestic airline competition, Available Seat Kilometres is a common measure of airline capacity and is calculated by multiplying the total number of available seats on a flight by the distance flown, with one available seat kilometre representing one seat flown over one kilometre. These market shares are similar on a total passengers carried basis. For example, in November 2025, the Qantas Group carried 48% of total passengers to / from NZ, see Bureau of Infrastructure and Transport Research Economics "International Airline Activity" (November 2025) <https://www.bitre.gov.au/sites/default/files/documents/International_airline_activity_1125.pdf>.

Table 1 – trans-Tasman market share (share of Available Seat Kilometres, 2025 and 2026)

Airline	2025	2026
Qantas	32%	33%
Jetstar	16%	18%
Qantas Group	48%	51%
Air New Zealand	41%	40%
Virgin Australia	4%	4%
Emirates	3%	3%
China Airlines	2%	1%
China Eastern	1%	<1%
LATAM	1%	-
Solomon Airlines	<1%	<1%

Source: OAG³⁶

Qantas

- 5.15 Qantas is Australia's largest domestic and international airline with \$2.06 billion underlying profit before tax in FY26.³⁷ The Qantas Group has over 65% of the domestic market share,³⁸ which is supported by its significant network of over 18 million frequent flyer members,³⁹ including a strong membership base in New Zealand.
- 5.16 The Qantas frequent flyer program is also linked to dozens of "on the ground" earning partnerships with major retailers, and branded credit cards that are available to consumers, further strengthening the program in the Australian market.
- 5.17 The Qantas Group has a large fleet with significant flexibility to respond to changes in market conditions – as at June 2026, its fleet totalled 372 aircraft, more than three times Virgin Australia's aircraft in operation.⁴⁰
- 5.18 Qantas has leveraged this scale to expand its trans-Tasman offering, both in terms of frequency and reach. For example, in 2025, Qantas launched AKL-PER services three times per week⁴¹

³⁶ OAG, included in Appendix B to this Application, see Tab "Para. 5.14-Table 1".

³⁷ Qantas "Qantas Annual Report 2026"

<<https://investor.qantas.com/FormBuilder/Resource/module/doLLG5ufYkCyEPjF1tpgyw/file/annual-reports/2026-Annual-Report.pdf>>; ACCC "Domestic airline competition in Australia – June 2026" <https://www.accc.gov.au/system/files/accc-domestic-airline-competition-in-australia-june-2026_0.pdf>, included in Appendix B to this Application, see Tab "Para. 5.15".

³⁸ See Table 3 below

³⁹ As at June 2026, Qantas "Qantas Annual Report 2026"

<<https://investor.qantas.com/FormBuilder/Resource/module/doLLG5ufYkCyEPjF1tpgyw/file/annual-reports/2026-Annual-Report.pdf>>.

⁴⁰ Qantas "Qantas Annual Report 2026"

<<https://investor.qantas.com/FormBuilder/Resource/module/doLLG5ufYkCyEPjF1tpgyw/file/annual-reports/2026-Annual-Report.pdf>>.

⁴¹ Qantas "Qantas expands Perth hub with new direct Johannesburg and Auckland routes" (7 December 2025)

<<https://www.qantasnewsroom.com.au/media-releases/qantas-expands-perth-hub-with-new-direct-routes>>.

and in 2026 began flying its state-of-the-art A220 aircraft between Wellington and Brisbane up to three times per week.⁴² In June 2026, Qantas also announced it was increasing the frequency of its summer services across the Tasman with up to 10% increase in capacity between Sydney and Auckland and over 15,000 additional seats between Sydney, Melbourne, Brisbane and Queenstown.⁴³ Qantas has also invested strongly in its New Zealand offering for business and frequent travellers, including through a refurbishment of its Auckland lounge and introducing Boeing 787 aircraft to trans-Tasman routes with premium economy options.⁴⁴ It also flies via Auckland on its QF3 route connecting Australia and New York, USA.

5.19 With these expansions, Qantas currently operates trans-Tasman services between:

- (a) Auckland and Sydney/Melbourne/Brisbane/Gold Coast/Perth/Adelaide;
- (b) Wellington and Sydney/Melbourne/Brisbane;
- (c) Queenstown and Sydney/Melbourne/Brisbane; and
- (d) Christchurch and Sydney/Melbourne/Brisbane.

5.20 On current 2026 schedules, the Qantas Group (including Jetstar) accounts for ~51% of trans-Tasman capacity, which is up 3.4% on 2025.⁴⁵

5.21 While Qantas has an extensive trans-Tasman network as an operating carrier, the strength and reach of its network has been further enhanced by its domestic New Zealand presence (through Jetstar), partnerships in the region (including its arm's length codeshare with Air New Zealand on certain domestic New Zealand routes) and its authorised alliance with Emirates which extends to the trans-Tasman. Qantas also has strong links with Australian-based travel agents which provides it with a substantial advantage in relation to Australian Point of Sale customers.

Jetstar

5.22 Jetstar has a deep and connected trans-Tasman and domestic New Zealand offering, which it continues to invest strongly in. Jetstar carried ~700,000 customers across the Tasman in 2025 – an increase of nine per cent on the previous year⁴⁶ – and accounted for 17% of total seats flown between Australia and New Zealand in 2025.⁴⁷

5.23 As the Qantas Group points out in its FY 2026 Results Supplementary Presentation, Jetstar's New Zealand services offers a "unique low fare proposition and provides valuable connecting traffic across the Tasman".⁴⁸

5.24 Jetstar currently operates trans-Tasman services between:

- (a) Auckland and Melbourne/Sydney/Brisbane/Gold Coast/Sunshine Coast;
- (b) Christchurch and Melbourne/Perth/Cairns/Gold Coast;
- (c) Queenstown and Melbourne/Sydney/Brisbane/Gold Coast;

⁴² Qantas "Qantas Group announces major Trans-Tasman expansion with new route, first A220 international service and more capacity" (10 September 2025) <<https://www.qantasnewsroom.com.au/media-releases/qantas-group-announces-major-trans-tasman-expansion-with-new-route-first-a220-international-service-and-more-capacity>>.

⁴³ Qantas "Qantas Increases Melbourne to Tokyo Flights and Adds More Seats Across The Tasman" (10 July 2026) <<https://www.qantasnewsroom.com.au/media-releases/qantas-increases-mel-tokyo-adds-seats-tasman-june-2026>>.

⁴⁴ Qantas "Qantas boosts Tasman flying for customers over summer holiday season" (26 May 2025) <<https://www.qantasnewsroom.com.au/media-releases/qantas-boosts-tasman-flying-for-customers-over-summer-holiday-season>>.

⁴⁵ OAG, included in Appendix B to this Application, see Tab "Para. 5.20".

⁴⁶ Newsroom "Jetstar helps to grow New Zealand tourism with expanded trans-Tasman services" (17 February 2026) <<https://newsroom.jetstar.com/jetstar-helps-to-grow-new-zealand-tourism-with-expanded-trans-tasman-services/>>.

⁴⁷ Bureau of Infrastructure and Transport Research Economics "International scheduled passenger flights and seats by airline, route and city pairs - December 2025" (May 2026), included in Appendix B to this Application, see Tab "Para 5.22".

⁴⁸ Qantas, "FY26 Results: Supplementary Presentation"

<https://investor.qantas.com/FormBuilder/Resource/module/doLLG5uFYkCyEPjF1tpgyw/file/2026FY/QAN_FY26_Supplementary_Presentation.pdf>, at 29.

- (d) Dunedin and Gold Coast;
 - (e) Hamilton and Sydney/Gold Coast; and
 - (f) Wellington and Gold Coast.
- 5.25 This includes the following new trans-Tasman services which Jetstar launched in 2025 and 2026 between:⁴⁹
- (a) Christchurch and Cairns/Perth;
 - (b) Hamilton and Gold Coast/Sydney;
 - (c) Dunedin and Gold Coast; and
 - (d) Queenstown and Brisbane.
- 5.26 Jetstar also operates a strong network of domestic services within New Zealand connecting the three main capitals with key destinations, and is the second largest airline in the country behind Air New Zealand with services between:
- (a) Auckland and Christchurch/Dunedin/Wellington/Queenstown;
 - (b) Christchurch and Hamilton/Wellington; and
 - (c) Wellington and Queenstown.
- 5.27 In December 2025, Jetstar announced a significant expansion to its trans-Tasman and domestic New Zealand network, launching new routes and adding capacity to five existing routes which will boost its New Zealand domestic capacity by 18%, and its capacity across the Tasman by 14%.⁵⁰ In addition to the new routes outlined above, Jetstar's expansion package includes investment in services between:⁵¹
- (a) **Auckland and Brisbane:** twice daily services (99,000 additional seats per year);
 - (b) **Auckland and Sydney:** up to 12 services per week (79,000 additional seats per year);
 - (c) **Christchurch and Melbourne:** increasing to daily year-round services (26,000 additional seats per year);
 - (d) **Hamilton and Christchurch:** new daily flights;
 - (e) **Waikato and Canterbury:** additional 135,000 seats per year;
 - (f) **Auckland and Dunedin:** increasing from seven services per week to up to 10 per week (from 26 October – 17 May 2026, adding 24,000 seats per year); and
 - (g) **Auckland and Christchurch:** increasing from up to eight daily to up to 11 daily services (290,000 additional seats per year).
- 5.28 Jetstar has structured this expansion strategically to align schedules with feeder traffic, increase international connectivity and better suit business travellers. For example, Jetstar has doubled its AKL-BNE daily services to "allow customers to connect to Osaka, Tokyo, Seoul, Bangkok and

⁴⁹ Newsroom "Jetstar helps to grow New Zealand tourism with expanded trans-Tasman services" (17 February 2026) <<https://newsroom.jetstar.com/jetstar-helps-to-grow-new-zealand-tourism-with-expanded-trans-tasman-services/>>.

⁵⁰ Jetstar "Jetstar and Qantas ramp up New Zealand domestic and trans-Tasman flying" (10 September 2025) <<https://newsroom.jetstar.com/jetstar-and-qantas-ramp-up-new-zealand-domestic-and-trans-tasman-flying/>>.

⁵¹ Jetstar "Jetstar and Qantas ramp up New Zealand domestic and trans-Tasman flying" (10 September 2025) <<https://newsroom.jetstar.com/jetstar-and-qantas-ramp-up-new-zealand-domestic-and-trans-tasman-flying/>>.

Cebu with one short stop in Brisbane”.⁵² It also “retimed its flights between Auckland and Wellington to a 7:30am departure to provide greater convenience and choice for business and government travellers”.⁵³

- 5.29 To better service business customers, Jetstar will also leverage capacity at the new Western Sydney International Airport to launch three weekly services to Auckland from mid-2026, which is expected to “provide faster and more convenient access to New Zealand for corporate travellers located in Sydney’s western and south-western suburbs”, which is a key corporate growth region.⁵⁴

Fifth freedom carriers

- 5.30 While Qantas, Jetstar and Air New Zealand are the key carriers on the trans-Tasman, international operators also service these routes.
- 5.31 As at June 2026, fifth freedom passenger services on the trans-Tasman are being operated by Emirates (CHC-SYD), Qatar Airways (ADL-AKL)⁵⁵, China Airlines (AKL-BNE), China Eastern (AKL-SYD) and Solomon Airlines (AKL-BNE).⁵⁶ Additionally, in July 2026, Taiwanese airline Starlux announced it would be offering flights across the Tasman (AKL-SYD) in 2027.⁵⁷ In other years, airlines such as LATAM, Batik Air, Vietnam Airlines and AirAsia X have operated weekly trans-Tasman services, showing the dynamic nature of the trans-Tasman market and ability for Fifth Freedom carriers to enter and exit.
- 5.32 These carriers generally operate larger aircraft suited to long-haul flights (as these kinds of aircraft usually operate from their hubs to Australia). For example, Emirates’ services are operated on an Airbus A380, which is the largest of all passenger aircraft types and only operated by a handful of carriers globally. China Airlines uses an Airbus A350-900 with over 300 seats.⁵⁸ Given the large capacity of these aircraft, these operators have a strong incentive to offer competitive airfares to increase load factors. This has been particularly attractive for business travellers, who can access business class travel at a very competitive price point on these services, including in the case of Emirates by redeeming Qantas Frequent Flyer points.⁵⁹

New Zealand domestic air passenger services

- 5.33 The domestic New Zealand market is also competitive, with Jetstar imposing a strong and increasing constraint, facilitated by the Open Skies Agreement between Australia and New Zealand.
- 5.34 From 2025 – 2026, total market capacity is expected to grow by 3.4%, with much of that growth driven by Jetstar’s expansion of existing services and entry onto new routes (see 5.27).⁶⁰ Table 2 shows that, over the same period, Air New Zealand’s market share has reduced from ~78% to ~76%, while Jetstar’s market share increased from ~20% to ~23%.

⁵² Jetstar “Jetstar and Qantas ramp up New Zealand domestic and trans-Tasman flying” (10 September 2025) <<https://newsroom.jetstar.com/jetstar-and-qantas-ramp-up-new-zealand-domestic-and-trans-tasman-flying/>>.

⁵³ Jetstar “Jetstar and Qantas ramp up New Zealand domestic and trans-Tasman flying” (10 September 2025) <<https://newsroom.jetstar.com/jetstar-and-qantas-ramp-up-new-zealand-domestic-and-trans-tasman-flying/>>.

⁵⁴ Corporate Traveller “Trans-Tasman travel demand is booming – and airlines are rising to meet it” (12 June 2025) <<https://www.corporatetraveller.com.au/en-au/resources/news/trans-tasman-travel-demand-booming-and-airlines-are-rising-meet-it/>>.

⁵⁵ These services will cease on 9 December 2026 and Qatar will then fly from Melbourne to Auckland from 10 December 2026 until 25 June 2027 and then between Brisbane and Auckland from 26 June 2027 to 25 September 2027. Qatar Airways, ‘Fly daily to Auckland’ (link).

⁵⁶ We understand that Solomon Airlines and China Eastern have since ceased operating trans-Tasman services.

⁵⁷ Executive Traveler “Starlux locks in A330neo for Sydney, Auckland flights” (6 July 2026) <<https://www.executivetraveller.com/news/starlux-taipei-taiwan-sydney-auckland-flights/>>.

⁵⁸ Aero Time “China Airlines launches Melbourne to Auckland flight, offers free dumplings” (3 December 2024) <<https://www.aerotime.aero/articles/china-airlines-launches-melbourne-to-auckland-flight-offers-free-dumplings/>>.

⁵⁹ See for example DMARGE “Fifth Freedom Flights: The Ultimate Travel Hack For Cheap Business Class Seats” (9 May 2024) <<https://dmarge.com/travel/fifth-freedom-flights-australia/>>.

⁶⁰ OAG, included in Appendix B to this Application, see Tab “Para. 5.34 Market capacity”. Based on Qantas Group and Air New Zealand data.

- 5.35 In Air New Zealand's experience, Jetstar continues to compete actively for point-to-point domestic passengers and the Qantas Group remains a strong competitive constraint both on the Tasman and domestically.

Table 2 – domestic New Zealand market share (Available Seat Kilometres, 2025 and 2026)

Airline	2025	2026
Air New Zealand	78.3%	76.2%
Qantas Group (Jetstar)	20.4%	22.8%
Air Chathams ⁶¹	1.0%	0.9%
Sounds Air ⁶²	0.3%	0.1%

Source: OAG⁶³

Australian domestic air passenger services

- 5.36 The Australian domestic air passenger services market is serviced predominantly by the Qantas Group (Qantas and Jetstar), Virgin Australia and Rex, a smaller, regional-focused carrier.
- 5.37 As shown in Table 3, the Qantas Group has a significant market share that is consistently over 60%, compared with Virgin Australia which currently has ~33%.

Table 3 – domestic Australian capacity shares for FY26

Airline	ASKs	Share
Virgin Australia	29,688,500,559	32.9%
Qantas	34,672,344,487	38.5%
Jetstar Australia	24,048,534,601	26.7%
Rex	663,146,854	0.7%
Other	1,088,278,692	1.2%
TOTAL	90,160,805,194	100.0%

Source: Diio⁶⁴

⁶¹ Air Chathams "About us" <<https://www.airchathams.co.nz/about-us>>.

⁶² Sounds Air "Sounds Air Company Background - NZ Airline since 1987" <<https://www.soundsair.com/about-us/company-background/>>.

⁶³ OAG, included in Appendix B to this application, see Tab "Para 5.34 Market share".

⁶⁴ Diio, included in Appendix B to this Application, see Tab "Para. 5.37 Domestic AU capacity".

6. PUBLIC VALUE ASSESSMENT

- 6.1 On 22 August 2024, the Associate Minister of Transport authorised the Existing Codeshare, recognising limited benefits in the form of incremental traffic to New Zealand, with corresponding benefits in the form of additional tourism spend and increased efficiency and sustainability of Air New Zealand's flight operations. This was a much more limited arrangement.
- 6.2 The Proposed Conduct results in no additional detriment but will create meaningful and additional public benefits (most notably in the form of lower fares for New Zealanders travelling to/from domestic Australian ports as a result of a lower SPA agreed with Virgin Australia in relation to relevant trans-Tasman itineraries involving a domestic Australian leg)⁶⁵. It will also provide FFP/high value guest benefits across each Applicant's network, opportunities for better connectivity through schedule optimisation and increased choice and convenience through coded itineraries that did not exist before.
- 6.3 Virgin Australia does not provide trans-Tasman (excluding Queenstown) or domestic New Zealand services [REDACTED]. As the Qantas Group provides these services, the stronger price-service offering enabled by the Proposed Conduct will likely prompt a competitive response from the Qantas Group on trans-Tasman services and domestic services behind and beyond. Qantas will no longer have the only Australian loyalty program with a comprehensive solution on trans-Tasman itineraries including beyond and behind destinations. The joint marketing and joint distribution of Air New Zealand operated trans-Tasman and connecting domestic New Zealand and Australia services will also stimulate tourism to and within New Zealand.

Enhanced SPA rates and therefore the potential for lower fares.

- 6.4 As set out in the NERA Report, it is economically rational for an airline such as Virgin Australia to provide lower SPA rates (i.e., the wholesale price) to Air New Zealand, in relation to domestic Australian routes which connect to Tasman routes on which Virgin Australia does not operate, than Qantas, which does compete with Air New Zealand on those Tasman routes.
- 6.5 More specifically:⁶⁶
- When Qantas sets the wholesale price to Air New Zealand for the Australian domestic leg of an itinerary from New Zealand to regional Australia, it considers the fact that, in the absence of the codeshare agreement, the customer might instead fly the entire itinerary via Qantas.
- 6.6 Economic theory tells us that Qantas expects the codeshare tickets it sells to reduce its own sales for the complete itinerary. In comparison, Virgin Australia has an incentive to charge lower wholesale domestic prices. Virgin Australia has a domestic network that is comparable to Qantas' within Australia, but does not serve the trans-Tasman routes (except for routes to Queenstown) and has no domestic New Zealand operations. Because of this structural difference, economic theory provides that Virgin Australia will provide codeshare tickets at a lower wholesale price because – with the exception of Queenstown services – it does not compete with Air New Zealand on the Tasman and does not factor in reduced sales for the itinerary into its domestic codeshare pricing.⁶⁷
- 6.7 This is borne out in practice. The Virgin Australia SPA rate is, on average [REDACTED].⁶⁸
- 6.8 As set out in the NERA Report, securing a contract with a lower wholesale price for the domestic leg of itineraries to regional Australia, reduces Air New Zealand's marginal cost of providing that ticketed itinerary.⁶⁹ As Air New Zealand's supply curve is determined by its marginal cost of providing that service, the reduced marginal cost lowers the supply curve, incentivising Air New Zealand to profitably sell more tickets at a lower price.⁷⁰

⁶⁵ [REDACTED] [REDACTED].

⁶⁶ NERA Report dated 9 September 2026, included in Appendix A to this Application, at [12].

⁶⁷ The exception being trans-Tasman services to Queenstown which is excluded from the scope of the Proposed Conduct.

⁶⁸ See Air New Zealand, included as part of Appendix B to this application, at Tab "Paras 1.6(a)-6.7 SPA rates".

⁶⁹ NERA Report dated 9 September 2026, included in Appendix A to this Application, at [16].

⁷⁰ NERA Report dated 9 September 2026, included as Appendix A to this Application, at [17].

- 6.9 Accordingly, this results not only in the potential for lower fares for consumers than would otherwise be the case, but also the lower input pricing on Australian domestic sectors is strategically important to Air New Zealand because it improves the competitiveness of Air New Zealand's offering to corporate and SME customers who often require travel across (and within) New Zealand and Australia.

Enhanced FFP and promotional offering

- 6.10 Air New Zealand and Virgin Australia customers will benefit from increased joint promotional and loyalty activities. The Applicants have agreed that [REDACTED]. As it does not operate trans-Tasman services (other than to Queenstown), Virgin Australia will be incentivised to further promote customers' travel on a newly extended VA network in competition with Qantas. In addition, Air New Zealand will have a stronger incentive to engage in these joint initiatives with Virgin Australia because, unlike Qantas, Virgin Australia is not a material competitor. [REDACTED]
- 6.11 The benefit for VFF members under the Proposed Conduct is that they will be able to earn and redeem Points and, where eligible, access lounges and other high value guest services across Air New Zealand's global network. [REDACTED] Air New Zealand's Koru members, will be able to earn and redeem points across Air New Zealand's entire network and Virgin Australia's domestic and international short haul networks whether marketed under the NZ or VA code. [REDACTED].
- 6.12 Further, the Proposed Conduct provides broader opportunities for Koru members to earn Airpoints [REDACTED]. The Proposed Conduct allows Airpoints accrual across four business and 20 economy booking classes on Virgin Australia's network, resulting in broader earn eligibility [REDACTED]. This can be contrasted with [REDACTED].
- 6.13 The Applicants will also have greater incentives to jointly promote these services than exists in the counterfactual including promotional loyalty activities and campaigns that benefit Velocity and Airpoints/Koru members.
- 6.14 For further information on the benefits to Virgin Australia's customers and the broader Australian public, please see the benefits outlined at Section 7 of the ACCC application.

7. STRATEGIC ALIGNMENT WITH THE CIVIL AVIATION ACT

7.1 The Minister can be satisfied that authorising the Proposed Conduct will contribute to the main and additional purposes in sections 3 and 4 of the CAA 2023. The Proposed Conduct will:

- (a) **advance a safe and secure civil aviation system:** Both Applicants⁷¹ are reputable operators with extensive aviation experience who prioritise safety and are committed to growth and investment. The Proposed Conduct will incentivise the Applicants to grow the safe travel of passengers to and from New Zealand and Australia.

Both Applicants are IATA Operational Safety Audit (IOSA) registered and compliant, demonstrating their dedication to adhering to global aircraft safety standards.⁷² The IOSA program is an internationally recognised and accepted evaluation system designed to assess the operational management and control systems of an airline.⁷³

Additionally, Air New Zealand's Safety Management System (SMS) is fully implemented and accepted by the Civil Aviation Authority New Zealand.⁷⁴ Virgin Australia's SMS similarly ensures that they exceed Civil Aviation Safety Authority standards and international safety regulations.⁷⁵

- (b) **contribute to environmental sustainability, economic prosperity, inclusive access, healthy and safe people, and resilience and security:** The Proposed Conduct aligns with and supports recent initiatives by the New Zealand government targeting increased tourism to regional New Zealand:

- (i) In February 2025, the Ministry of Business, Innovation and Employment (MBIE), through its Tourism Boost package, funded a campaign created by Tourism New Zealand created to attract Australian visitors (as New Zealand's largest international visitor market), spending an initial \$500,000, and then a further \$300,000 on the campaign.⁷⁶
- (ii) As recently as January 2026, the Government has been increasing investment in regional tourism for Australians, with a \$3.69 million increased investment aimed at promoting and improving regional areas, such as Taupo, lower and central South Island, and Hamilton.⁷⁷ Importantly, these regions are within the scope of the Proposed Conduct, as Air New Zealand has domestic routes to these locations.⁷⁸

Post-authorisation, the Parties will work together to identify joint promotional campaigns to stimulate travel on the Tasman and throughout New Zealand and Australia.

As Virgin Australia does not compete with Air New Zealand on the Tasman (excluding Queenstown routes), joint marketing, joint distribution and the enhanced price-service offering of trans-Tasman itineraries, including connections to 20 domestic New Zealand destinations unlocked for VA coded itineraries under the Proposed Conduct, will stimulate incremental tourism. This effect will be further enhanced as the Qantas Group will be prompted to competitively respond on price, product and service to, from and within New Zealand.

Additionally, VFF members will be more inclined than before to choose New Zealand as a travel destination over other locations due to the seamless points-earning and redemption

⁷¹ For example, in 2025, Air New Zealand was recognised for safety leadership, named the World's Safest Airline for 2025 by AirlineRatings.com. Virgin Australia regards safety as a fundamental value within their culture, with a safety management system in place to mitigate operational risks, and provide a multi-layered approach to safety governance.

⁷² IATA Connect "IOSA Registry" <<https://ic.iata.org/registry/iosa>>.

⁷³ IATA Connect "IATA Operational Safety Audit (IOSA)" <<https://www.iata.org/en/programs/safety/audit/iosa/>>.

⁷⁴ Air New Zealand "Metrics Table 2025", at 01 <<https://p-airnz.com/cms/assets/PDFs/airnz-2025-metrics-table.pdf>>.

⁷⁵ <<https://www.virginaustralia.com/au/en/about-us/operational-performance/safety/>>.

⁷⁶ MBIE "Tourism Boost Package" (18 July 2025) <<https://www.mbie.govt.nz/immigration-and-tourism/tourism/tourism-boost-package>>.

⁷⁷ Hon Louise Upton "Regional Tourism Boost: welcoming more visitors" (15 January 2026)

<<https://www.beehive.govt.nz/release/regional-tourism-boost-welcoming-more-visitors>>.

⁷⁸ See Air New Zealand "Where we fly" <<https://www.airnewzealand.com/interactive-map>>.

travel options to a broader range of New Zealand cities and towns. This is because, as a result of the Proposed Conduct:

- (iii) VFF members can earn Velocity Points when travelling on trans-Tasman and New Zealand domestic services (whether marketed under the NZ or VA code);
- (iv) VFF members can redeem their Velocity Points for Reward Seat travel on NZ operated trans-Tasman and New Zealand domestic services; and
- (v) customers residing in cities outside Air New Zealand's trans-Tasman network, but within the Virgin Australia domestic network, can travel to New Zealand and connections within New Zealand using a single marketing carrier,

all of which makes New Zealand a substantially more attractive destination for VFF members.

- (c) **promote innovation, effectiveness, and efficiency in civil aviation:** The Proposed Conduct allows both Applicants to provide access for their customers to the other Applicant's domestic network. This would mean a far more efficient service for New Zealanders trying to reach regional destinations in Australia, and similarly allow more efficient travel to regional New Zealand through Virgin Australia's promotion and facilitation of the sale of the service.

Further, as discussed earlier, the economic incentives (and contractual arrangements) are such that, all things being equal, New Zealanders are likely to benefit from lower airfares on trans-Tasman routes with a domestic Australian component than would otherwise be the case and Air New Zealand will have a greater ability to compete with other trans-Tasman operators such as Qantas.

- (d) **ensure that New Zealand's obligations under international civil aviation conventions, agreements, and understandings are implemented:** The Proposed Conduct will abide by and implement all relevant international conventions, agreements, and understandings.
- (e) **preserve New Zealand's national security and national interests:** Australia is New Zealand's most important economic partner.⁷⁹ The Ministry of Foreign Affairs and Trade describes New Zealand's relationship with Australia as its closest and most significant.⁸⁰ Additionally, the MBIE's Tourism Growth Roadmap (announced in 2023) aims to double the value of New Zealand's tourism exports by 2034 in core markets, including Australia, with a NZ\$35 million investment in tourism projects to promote this initiative in FY 2025/2026 alone, showing the importance of the expansion of travel and tourism between the two nations.⁸¹ It is in both nations' interests to promote trans-Tasman travel, and the Proposed Conduct will enable increased passenger numbers to regional New Zealand. The Proposed Conduct will therefore preserve New Zealand's national security and national interests by supporting greater connectivity and by contributing to New Zealand's economic prosperity.
- (f) **take into account the adverse effects of civil aviation on the interests of people, property, and the environment:** The Proposed Conduct allows both Applicants to sell seats on the other's regional flights, and for Virgin Australia to sell seats on Air New Zealand's trans-Tasman flights. Such an arrangement will promote efficiency in both regional and domestic flights in both Australia and New Zealand, increasing the utilisation and efficiency of aircraft.

⁷⁹ Ministry of Foreign Affairs and Trade "Australia" <<https://www.mfat.govt.nz/en/countries-and-regions/australia-and-pacific/australia>>.

⁸⁰ Ministry of Foreign Affairs and Trade "Australia" <<https://www.mfat.govt.nz/en/countries-and-regions/australia-and-pacific/australia>>.

⁸¹ Ministry of Business, Innovation and Employment "Tourism Growth Roadmap" <<https://www.mbie.govt.nz/immigration-and-tourism/tourism/tourism-growth-roadmap>>.

8. CONCLUSION

- 8.1 In light of the significant benefits that will arise from the Proposed Conduct, and the lack of competitive detriment, the Applicants consider the Proposed Conduct results in a net benefit to New Zealand.
- 8.2 Furthermore, the Applicants consider that the Proposed Conduct will contribute to the main purpose and additional purposes of the CAA 2023.
- 8.3 For those reasons, the Applicants consider that the Proposed Conduct meets the test for authorisation. The Applicants consider that the Proposed Conduct should be authorised for a period of five years (for the reasons explained in further detail in paragraphs 4.4 - 4.5).

APPENDICES

Appendix A: Confidential NERA Report

Appendix B: Confidential underlying data

Appendix C: Confidential copies of relevant agreements giving rise to the Proposed Conduct

Appendix D: Parties' Confidential strategic documents

Appendix E: Virgin Australia Confidential counterfactual submission