

**PUBLIC VERSION**

**Application for Reauthorisation**



**Restated Master Coordination Agreement**

**Application to the  
New Zealand Minister of Transport pursuant to Part IX of the  
Civil Aviation Act 1990**

**28 November 2022**

## 1. Executive Summary

- 1.1 Qantas Airways Limited (**Qantas**) and Emirates (**Emirates**) and their related bodies corporate<sup>1</sup> (together, the **Applicants**) seek reauthorisation from the Minister of Transport (**Minister**), through the Ministry of Transport (**Ministry**), under section 88 of the *Civil Aviation Act 1990 (CAA)*, until at least 31 March 2028<sup>2</sup> of the Restated Master Coordination Agreement (**Restated MCA**)<sup>3</sup>, under which they will continue their alliance and coordinate their operations across their respective networks (the **Proposed Conduct**).
- 1.2 The Proposed Conduct, which enables Qantas and Emirates to better connect New Zealand and Australia to Asia, the United Kingdom, Europe and the Middle East and Northern Africa (**MENA Region**) and thereby offer greater choice and convenience to consumers, is fundamentally pro-competitive and will continue to assist both airlines to offer a compelling customer proposition going forward as airline operations and demand for international travel continues to recover from the effects of the COVID-19 novel coronavirus pandemic (**pandemic**).

### Pandemic recovery

- 1.3 As has been well documented globally, international aviation networks have been impacted by the pandemic in an unprecedented manner. The flight, entry and quarantine restrictions imposed by governments globally have impacted the industry with unprecedented severity. In June 2020, the International Air Transport Association (**IATA**) considered that *'Financially, 2020 will go down as the worst year in the history of aviation. On average, every day of this year will add US\$230 million to industry losses...'*<sup>4</sup>
- 1.4 The operational and financial challenges that have faced (and continue to face) both Qantas and Emirates have been (and remain) immense. For example, for the full 2022 financial year, the Qantas Group experienced an underlying loss before tax of \$(1.86) billion and a statutory loss before tax of \$(1.19) billion, which takes Qantas' total statutory losses since the start of the pandemic to \$7 billion and total revenue losses to \$25 billion<sup>5</sup>. It is only now, after five consecutive halves of heavy losses, that the Qantas Group expects its first underlying profit before tax (of between \$1.35 billion and \$1.45 billion) for the first half of FY2023.<sup>6</sup> For the financial year ending 31 March 2022, the Emirates Group posted a loss of AED 3.8 billion (US\$ 1.0 billion) after an AED 22.1 billion (US\$ 6.0 billion) loss for the previous year.<sup>7</sup>
- 1.5 While travel restrictions have been eased in many countries and demand for international travel is picking up, the significant reverberations and challenges from the pandemic continue. Accordingly, recovery, in terms of international travel, will not be immediate, with international passenger numbers not expected to recover to pre-pandemic levels until 2025.<sup>8</sup> For example, for the 2022 financial year, the Qantas Group's international capacity averaged just 17 per cent of

<sup>1</sup> See **Annexure A** which is a list of the related bodies corporate of each of Qantas and Emirates covered by this Application. Relevant Qantas entities include Jetstar Airways Pty Limited and Jetstar Asia Airways Private Limited but not Jetstar Japan Co Ltd. As was the case with the applications to the Minister for authorisation in 2012 and reauthorisation in 2017, this Application excludes catering, joint procurement, ground handling, engineering and cleaning services provided by either the Qantas Group or Emirates.

<sup>2</sup> The term of the Restated MCA, as extended on 4 October 2021. **ISTART QF/EK CONFIDENTIAL**

**END QF/EK**

**CONFIDENTIAL**

<sup>3</sup> See **Confidential Annexure B**. As described below, the Restated MCA dated 11 October 2017, the subject of current authorisation, was extended on 4 October 2021 without any material change to the commercial terms. A copy of Qantas press release announcing the extension of the Restated MCA is available here: <https://www.qantasnewsroom.com.au/media-releases/emirates-and-qantas-extend-partnership-to-help-boost-recovery-of-international-travel/>.

<sup>4</sup> 'Industry Losses to Top \$84 Billion in 2020', IATA, (Press Release, 9 June 2020). Available here: <https://www.iata.org/en/pressroom/pr/2020-06-09-01/>.

<sup>5</sup> 'Qantas Group posts third major loss from pandemic, strong recovery underway', Qantas News Room, (Press Release, 25 August 2022). Available here: <https://www.qantasnewsroom.com.au/media-releases/qantas-group-posts-third-major-loss-from-pandemic-strong-recovery-underway/>.

<sup>6</sup> 'Qantas Group Market Update: Strong Demand Drives Profit Upgrade', Qantas News Room, (Press Release, 23 November 2022). Available here: <https://www.qantasnewsroom.com.au/media-releases/qantas-group-market-update-strong-demand-drives-profit-upgrade/>.

<sup>7</sup> 'Emirates Group Announces 2021-22 Results', Emirates, (Media Centre). Available here: <https://www.emirates.com/media-centre/emirates-group-announces-2021-22-results/#:~:text=For%20the%20financial%20year%20ended,86%25%20over%20last%20year%27s%20results>.

<sup>8</sup> 'Air Passenger Numbers to Recover in 2024', IATA, (Press Release, 1 March 2022). Available here:

<https://www.iata.org/en/pressroom/2022-releases/2022-03-01-01/#:~:text=Geneva%20%2D%20The%20International%20Air%20Transport,%25%20of%20the%202019%20total>.

pre-pandemic levels, rising to 49 per cent by 30 June.<sup>9</sup> Looking ahead, Qantas Group's international capacity is expected to reach 79 per cent for FY2023.<sup>10</sup>

- 1.6 The broader operating environment in which Qantas and Emirates operate also remains complex. High fuel prices, high inflation, as well as higher interest rates are impacting consumer confidence; fuel prices for example are now around 75 per cent higher than pre-pandemic levels, compared with around 60 per cent in August 2022.<sup>11</sup>
- 1.7 This creates an unprecedented and unpredictable environment in which airlines need to make critical decisions about how best to restore networks and travel in the coming months and years. A long-term vision is required to support investment and planning, particularly in relation to the recovery of international operations. For Qantas and Emirates, the alliance made possible through the Proposed Conduct continues to represent the most effective way to rebuild, sustain and ultimately grow their combined network and capacity to the benefit of New Zealand consumers and businesses, including the New Zealand tourism industry which has been crippled by extended border closures during the pandemic.

#### Continued Public Benefits

- 1.8 For nearly a decade since the alliance was authorised in 2013<sup>12</sup> and reauthorised in 2018,<sup>13</sup> the alliance has enabled Qantas and Emirates to together deliver **real and substantial benefits to New Zealand consumers**. These benefits have included:
- (a) enhanced connectivity, combinability and schedule choice over an expanded combined global network, allowing passengers to seamlessly travel on a checked through boarding pass from and between New Zealand and Australia to Asia, the UK/Europe and the MENA Region and vice versa;
  - (b) offering reciprocal benefits for the millions of members of both parties' frequent flyer programs, including significant earning and redemption opportunities across the combined network, as well as reciprocal airport lounges access and 'top tier' member benefits (e.g. priority check-in, additional baggage allowance and preferential seating);
  - (c) supporting Qantas' international offering and the overall attractiveness of its network to customers, including Qantas Frequent Flyers (**QFF**);
  - (d) facilitating capacity expansion by Emirates pre-pandemic, and going forward, assisting with capacity restoration;
  - (e) providing world-class customer service and experiences, and encouraging product and service innovation; and
  - (f) increasing tourism and promotion of international trade and business.
- 1.9 The realisation of these benefits was disrupted by the pandemic from early 2020 onwards, in light of government imposed border controls and international travel restrictions. In terms of trans-Tasman passenger operations, Qantas initially only operated limited repatriation flights from Auckland to Australia, and later operated commercial flights depending on evolving travel

<sup>9</sup> 'Qantas Group posts third major loss from pandemic, strong recovery underway', Qantas News Room, (Press Release, 25 August 2022). Available here: <https://www.qantasnewsroom.com.au/media-releases/qantas-group-posts-third-major-loss-from-pandemic-strong-recovery-underway/>.

<sup>10</sup> 'Qantas Group Market Update: Strong Demand Accelerates Recovery', Qantas News Room, (Press Release, 13 October 2022). Available here: <https://www.qantasnewsroom.com.au/media-releases/qantas-group-market-update-strong-demand-accelerates-recovery/>.

<sup>11</sup> 'Qantas Group Market Update: Strong Demand Accelerates Recovery', Qantas News Room, (Press Release, 13 October 2022). Available here: <https://www.qantasnewsroom.com.au/media-releases/qantas-group-market-update-strong-demand-accelerates-recovery/>.

<sup>12</sup> The Original Master Coordination Agreement dated 6 September 2012 (**Original MCA**) was authorised by the New Zealand Ministry of Transport on 15 May 2013. It was also conditionally authorised by the Australian Competition and Consumer Commission (**ACCC**) on 28 March 2013: *ACCC Determination dated 28 March 2013: Applications for Authorisation lodged by Qantas Airways Limited and Emirates in respect of a Joint Coordination Agreement - Authorisation numbers: A91332 and A91333*. Available here: <http://registers.acc.gov.au/content/index.phtml/itemId/1078153/fromItemId/401858/display/accDecision> (**ACCC Final Determination (2013)**) and the Competition Commission of Singapore on 28 March 2013.

<sup>13</sup> The Restated Master Coordination Agreement dated 11 October 2017 was authorised by the New Zealand Ministry of Transport on 24 March 2018 and conditionally authorised by the ACCC on 28 March 2018: *ACCC Determination and Interim Authorisation dated 23 March 2018: Applications for revocation and substitution of authorisation lodged by Qantas Airways Limited and Emirates in respect of a Restated Master Coordination Agreement to continue to coordinate their air passenger and cargo transport and other related services - Authorisation numbers: AA1000400 (ACCC Final Determination (2018))*.

- restrictions,<sup>14</sup> as did Jetstar Airways.<sup>15</sup> Both Qantas and Jetstar Airways offered limited freight services during this period (or parts of it). Emirates also ceased its trans Tasman passenger services (specifically, its Sydney-Christchurch services) in 2020, along with its direct Dubai-Auckland services.<sup>16</sup> Emirates operated 'preighter' (passenger aircraft as freighter services) and dedicated freighter services to New Zealand during this period.<sup>17</sup>
- 1.10 Notably, the impacts of the pandemic are still being felt, and ongoing network rebuilding and service restoration is still taking place as travel restrictions ease and demand for international travel resumes. The Proposed Conduct remains important both to supporting the ongoing rebuild of international operations by Qantas and Emirates going forward, and as that occurs and demand recovers, to enable Qantas and Emirates to deliver the real and substantial benefits outlined above, as they have delivered pre-pandemic through the alliance. The Proposed Conduct will thereby continue to deliver important public benefits that **could not otherwise be achieved** to the same extent absent the Proposed Conduct.
- 1.11 In terms of rebuilding efforts, the Proposed Conduct will support restoration of capacity, including on trans Tasman services between New Zealand and Australia, and between New Zealand and UK/Europe. In particular, from Emirates' perspective, continuation of the alliance will help accelerate its plans to ramp up back to pre-pandemic levels. In this regard, Emirates views the alliance as supporting its intended resumption of its daily Airbus A380 services between Christchurch and Sydney (which is an extension of Emirates daily Dubai-Sydney service) in March 2023, its non-stop Dubai to Auckland services on 1 December 2022 (currently operating via Kuala Lumpur), as well as its anticipated resumption of services between Melbourne and Singapore (in 2023). Emirates also views the alliance as supporting its intended resumption of nonstop frequencies from Dubai to Brisbane, Melbourne, Perth and Sydney to the same levels of capacity as was held in 2019 (pre-pandemic) on aircraft of a similar gauge. Restoration of these Dubai-Australia services will provide additional options to New Zealand consumers connecting to these services from trans Tasman services operated by Qantas, Jetstar Airways and Emirates (once it resumes its Christchurch-Sydney route in March 2023).
- 1.12 The Proposed Conduct will also support potential capacity expansion and similar benefits over the longer term. **[START QF CONFIDENTIAL** [REDACTED] **END QF CONFIDENTIAL]**
- 1.13 Looking ahead, the alliance will continue to give customers (including New Zealand customers) more options to continue to travel on either airline (or on a combination of both) to or from a vast range of destinations across a combined Qantas and Emirates network through multiple hubs and extensive connections, while still experiencing benefits such as improved connectivity and schedule spread, and enhanced reciprocal frequent flyer benefits, which again are only made possible through the Proposed Conduct.

<sup>14</sup> Qantas offered limited commercial flights between Sydney and Auckland following the introduction of the Safe Travel Zone in October 2020. Later, following the introduction of the two-way quarantine free travel corridor between New Zealand and various Australian states and territories (the 'Tasman Bubble') in April 2021, Qantas operated all pre-pandemic city pairs (Brisbane/Melbourne/Sydney - Auckland; Brisbane/Melbourne/Sydney - Christchurch; Brisbane/Melbourne/Sydney - Queenstown; and Melbourne/Sydney - Wellington) as well as some additional ones (Gold Coast/Cairns - Auckland) until the Tasman Bubble was suspended in July 2021. During the Tasman Bubble suspension period, Qantas operated limited Sydney-Auckland repatriation services until resuming limited passenger services in October 2021, which were gradually ramped back up from 13 April 2022 when New Zealand opened quarantine free travel with Australia.

<sup>15</sup> Jetstar Airways operated Melbourne/Gold Coast/ Sydney - Auckland from April 2021 and added Melbourne - Queenstown/Christchurch in June 2021 and Gold Coast-Queenstown in July 2021, before suspending all passenger services during the Tasman Bubble suspension period. In terms of domestic New Zealand services, Jetstar Airways continued to operate except between April and June 2020.

<sup>16</sup> Emirates ceased all NZ passenger services in March 2020. From July 2020, Emirates offered indirect services three times per week to Auckland via a number of routings (with services currently routed via Kuala Lumpur). These indirect routings will cease 1 December, with direct A380 services recommencing on that date.

<sup>17</sup> From May 2020, Emirates re-commenced a 'preighter' service between Dubai and Auckland with an intermediate stop in Asia. As noted above, in July 2020, Emirates commenced a scheduled passenger service between Dubai and Auckland with an intermediate stop in Kuala Lumpur, primarily carrying freight but with a small number of eligible passengers on board. These passenger services were supplemented by additional 'preighter' and freighter services to Auckland throughout 2020, 2021 and 2022. In 2020 and 2021, Emirates also operated 'preighter' services between Dubai and Christchurch via Australia but did not carry passengers due to the complexity of travel restrictions in place at the time.

- 1.14 As explained in this submission, the diversity of choice made possible through the Proposed Conduct continues to grow. Customers now have access to 74 destinations served by Qantas but not Emirates (including Wellington and Queenstown) and 67 destinations in the UK/Europe and the MENA Region that are served by Emirates but not Qantas (including Kuwait, Manchester, Glasgow, Newcastle, Dublin, Paris, Madrid, Barcelona, Hamburg, Copenhagen, Moscow and Athens).<sup>18</sup> The number of destinations is likely to increase in the coming years as suspended routes are recommenced (e.g. Emirates' services to Edinburgh) and growth plans resume.
- 1.15 Through the Proposed Conduct, Qantas and Emirates will continue to be able to offer customers (including New Zealand customers) increased schedule choice through multiple hubs (including, for New Zealand customers, via Australia) to Asia, UK/Europe and the MENA Region. This includes different journey options to and from cities in New Zealand to Dubai directly and via Australia, to Singapore via Australia, and onwards with connections to the UK/Europe.
- 1.16 Going forward, the Proposed Conduct will continue to support network rebuilding by Qantas and Emirates in a way that benefits New Zealand customers, including by maintaining connectivity between Tasman services and Qantas and Emirates long haul services out of Australia. For example, with (as noted above) Emirates intending to soon reinstate its non-stop Dubai-Auckland service and later its Sydney-Christchurch service. In the meantime, Qantas has been ramping up its services across the Tasman following the easing of entry restrictions into New Zealand and until Emirates resumes its daily Airbus A380 Sydney-Christchurch services in March 2023, Qantas has temporarily increased frequencies between Australia and New Zealand by adding frequencies (to twice daily) on that route (from 30 October 2022 to the end of Northern Hemisphere winter), and will then return to eleven services per week. In addition, the alliance provides Emirates with connectivity to Wellington and Queenstown, which are destinations to which Emirates does not fly.
- 1.17 In seamlessly connecting passengers to well over one hundred destinations globally on the combined Qantas Emirates network, the Proposed Conduct enables Qantas and Emirates to offer a diverse customer proposition, with greater combinability and choice. The alliance, for example, enables New Zealand consumers to book and travel to London on a combination of Qantas and Emirates flights and return to New Zealand from another European port on Emirates. The Proposed Conduct will also continue to offer a coordinated premium experience such as enhanced opportunities for earning and redemption of points and world class lounges. For example, in announcing the extension of the alliance in October 2021, Qantas and Emirates made millions of reward seats available for frequent flyers to access more than one hundred destinations using their Qantas Points or Skywards Miles,<sup>19</sup> enabling customers (including New Zealand customers) to book flights using frequent flyer points that remained unused throughout the pandemic with reduced ability for travel.
- 1.18 Such benefits would not eventuate without the Proposed Conduct. Without authorisation of the Proposed Conduct, there would be no commercial agreement between Qantas and Emirates or, at best, a vastly diminished arm's length codeshare. In these circumstances, Qantas and Emirates would lack any incentive to share broad access to each other's capacity and inventory, or to provide flexibility and scope for respective frequent flyer members to earn and redeem points across an extensive combined network. This is particularly important where access to diverse destinations beyond hub gateways underpins the alliance, and as Qantas and Emirates seek to recover from the pandemic. Absent the Proposed Conduct, there would similarly be no incentive for Qantas and Emirates to collaborate on product innovation and customer service improvements. These benefits would be significantly eroded if not removed entirely if the Proposed Conduct is not reauthorised.
- 1.19 In terms of recovery from the pandemic, the Proposed Conduct is perhaps even more important than in the past. By supporting Qantas and Emirates to rebuild capacity and reinstate services, the alliance supports the re-connection of New Zealand tourism and trade markets to the world – including in respect of New Zealand secondary cities and regional centres – while also providing the certainty and incentives to underpin consideration of additional services, investment and customer benefits over the longer term.

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<sup>18</sup> Destinations based on those currently published for sale with travel dates in the future (until June 2023).

<sup>19</sup> 'Emirates and Qantas extend partnership to help boost recovery of international travel', Qantas News Room, (Press Release, 4 October 2021). Available here: <https://www.qantasnewsroom.com.au/media-releases/emirates-and-qantas-extend-partnership-to-help-boost-recovery-of-international-travel/>.

No public detriment

- 1.20 In this context, it is clear that the Proposed Conduct will **not result in any competitive detriment**, particularly in circumstances where:
- (a) it will allow two highly complementary networks and business models to continue to deliver significant public benefits (including as international travel recovers from the pandemic); and
  - (b) Qantas and Emirates have been and will continue to be disciplined by a number of fierce existing competitors providing strong and effective constraints within highly competitive markets, as well as the prospect of expansion and new entry.
- 1.21 While the ACCC in reauthorising the Proposed Conduct in Australia in 2018 imposed a Tasman route reporting condition, the Applicants (as they did in 2018) consider that such a condition is unnecessary, for the reasons discussed in this submission.

Test for authorisation under CAA clearly satisfied

- 1.22 The test for reauthorisation under Part IX of the CAA is clearly satisfied. The Applicants seek reauthorisation for the Restated MCA on the basis that all of its provisions relate directly or indirectly to the fixing of tariffs, the application of tariffs or the fixing of capacity. A summary of each of the provisions and how they do so is included in Confidential **Annexure C**.
- 1.23 The Applicants request that the Minister exercise his discretion to reauthorise the Proposed Conduct because it:
- (a) is capable of reauthorisation by the Minister under section 88 of the CAA;
  - (b) will continue to provide significant and substantiated public benefits to New Zealand;
  - (c) will have no adverse impact on consumers – to the contrary, it will have pro-competitive effects and be beneficial for consumers; and
  - (d) does not breach any of the specific provisions in section 88(4)(a)-(f) of the CAA.
- 1.24 The Minister's power to reauthorise such arrangements reflects:
- (a) the unique nature of the aviation industry and in particular its underlying international characteristics;
  - (b) the need for speed and flexibility in approving international airline arrangements; and
  - (c) the Minister's competence in developing and administering New Zealand aviation policy, in particular, the familiarity with New Zealand's obligations under international aviation agreements and the requirement of the Minister to consider the effects on international comity between New Zealand and other states.

Term of authorisation sought

- 1.25 The Applicants seek authorisation of the Proposed Conduct for a period of at least 5 years, through to at least 31 March 2028. Authorisation for this period of time is broadly consistent with the period for which authorisation was granted in 2013 and 2018 (which were each 5 years in duration) and is necessary to provide certainty for investment decisions, recognising that such decisions can only be justified with a long-term view to stimulate and guide recovery and growth in changed yet still highly competitive markets post-pandemic. Any lesser period would not facilitate public benefits and will instead inject regulatory uncertainty and significant competitive disadvantage for the Applicants and ultimately reduced choice for consumers.

**2. The Applicants**Qantas

- 2.1 Qantas is Australia's largest domestic and international airline. Qantas was incorporated in 1920 and, prior to the pandemic, operated over 4,500 flights per week in Australia and over 730 flights

internationally. Qantas also operates airline related businesses including freight operations and loyalty programs, and various airline subsidiaries – Jetstar (which operates domestic and international flights), regional airline QantasLink and Network Aviation.

- 2.2 Following the pandemic, Qantas is currently rebuilding its domestic and international network and capacity. The international destinations to which Qantas operates (based on destinations published for sale as at 1 September 2022) are set out in Figure 1 and in the route map included as **Annexure D** to this submission.

**Figure 1: Qantas International Destinations (ex Australia) as at 1 September 2022**

| Region                  | Destinations  |
|-------------------------|---|
| New Zealand and Pacific | Apia, Auckland, Christchurch, Dili, Nadi, Norfolk Island, Noumea, Nuku'alofa, Port Moresby, Queenstown, Wellington  |
| Asia                    | Bangkok, Bengaluru, Delhi, Denpasar, Hong Kong, Jakarta, Manila, Seoul (from December 2022), Shanghai (currently closed to foreign tourists), Singapore, Tokyo Haneda |
| Europe                  | London Heathrow, Rome   |
| Americas                | Dallas/Fort Worth, Honolulu, Los Angeles, New York JFK (from June 2023), San Francisco (from March 2023), Santiago, Vancouver   |
| Africa                  | Johannesburg  |

- 2.3 As at 30 June 2022, across its domestic and international operations, Qantas operates a total passenger fleet of 235 aircraft, comprising ten Airbus A380s, 28 Airbus A330-200/300s, 75 Boeing 737-800s, 11 Boeing 787-9s, 20 Boeing 717-200s, 50 Q200/300/400s, 12 E190s (under a wet lease arrangement with Alliance Airlines), 18 F100s and 11 Airbus A320-200s. Jetstar's fleet comprises 76 aircraft, including 65 Airbus 320/A321-200s and 11 Boeing 787-8s<sup>20</sup>. On 2 May 2022, Qantas announced the purchase of additional fleet to service its domestic and international networks, including 12 Airbus A350 aircraft to be deployed on long-haul international services from 2025.<sup>21</sup>
- 2.4 In addition to the Restated MCA, the Qantas Group is currently a party to the following alliances:
- an alliance with American Airlines, which was reauthorised by the Minister on 31 August 2020<sup>22</sup> with effect from 4 November 2020;<sup>23</sup>
  - an alliance with China Eastern;<sup>24</sup> and
  - the oneworld marketing alliance.
- 2.5 Jetstar is a vital part of the Qantas Group's domestic and international operations. It operates low-cost, value based services within Australia and to a range of international destinations. Jetstar's services (ex Australia) to international destinations are set out in Figure 2 below, with additional destinations in Asia serviced by two Jetstar branded joint ventures.

<sup>20</sup> Qantas Airways Limited, *FY22 Results Supplementary Presentation* (Presentation, 25 August 2022). Available here: <https://investor.qantas.com/FormBuilder/Resource/module/doLLG5ufYkCvEPiF1tpqyw/file/FY22-Investor-Presentation-Supplementary.pdf>

<sup>21</sup> 'Qantas group announces major aircraft order to shape its future', Qantas News Room (Press Release, 2 May 2022). Available here: <https://www.qantasnewsroom.com.au/media-releases/qantas-group-announces-major-aircraft-order-to-shape-its-future/>

<sup>22</sup> Qantas Airways - American Airlines reauthorisation 2020. Available here: <https://www.transport.govt.nz/consultations/qantas-airways-american-airlines-reauthorisation/>

<sup>23</sup> The alliance was also authorised by the ACCC: *ACCC Determination in relation to Applications for Revocation and Substitution lodged by Qantas Airways Limited and American Airlines, Inc in respect of their restated joint business and related agreements, 25 March 2021*. Available here: <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/qantas-american-airlines> (**Qantas - American Airlines Determination (2021)**)

<sup>24</sup> The alliance relates to Australia-China routes only. It is currently subject to an application for reauthorisation by the ACCC, having been last authorised by the ACCC in 2021: *ACCC Determination in relation to Applications for Revocation and Substitution lodged by Qantas Airways Limited and China Eastern Airlines Corporation Limited in respect of a Joint Coordination Agreement, 29 January 2021*. Available here: <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/qantas-airways-limited-and-china-eastern-airlines-corporation-limited> (**Qantas - China Eastern Determination (2021)**)

**Figure 2: Jetstar International Destinations (ex Australia) as at 1 October 2022**

| Region                  | Destinations  |
|-------------------------|---|
| New Zealand and Pacific | Auckland, Christchurch, Nadi, Rarotonga, Queenstown, Wellington |
| South East Asia         | Bangkok, Denpasar, Ho Chi Minh City, Phuket, Singapore          |
| North East Asia         | Osaka, Seoul (from November 2022), Tokyo-Narita,                |
| Americas                | Honolulu  |

- 2.6 Since its establishment in 2004, the Jetstar Group has evolved into a mature and successful low cost carrier with an expanded brand presence as follows:
- (a) domestic Australia and New Zealand services (operated by Jetstar Airways), with Jetstar's domestic New Zealand operations currently servicing Auckland, Christchurch, Dunedin, Wellington and Queenstown;
  - (b) international services from Australia to destinations in Asia, the Pacific and New Zealand (operated by Jetstar Airways<sup>25</sup>); and
  - (c) services within and between various countries in Asia under the Jetstar business model, currently operated by the following joint ventures:
    - (i) Jetstar Asia Airways Pte Limited (**Jetstar Asia**), in which the Qantas Group has a 49 per cent interest, which is incorporated in Singapore and operates flights from Singapore to various destinations in Asia; and
    - (ii) Jetstar Japan Co Ltd (**Jetstar Japan**) in which the Qantas Group has a 33.32 per cent shareholding. Jetstar Japan is incorporated in Japan and operates flights within Japan and internationally.<sup>26</sup>
- 2.7 The ACCC reauthorised coordination between the Qantas Group and the various Jetstar branded joint ventures in February 2018.<sup>27</sup> The Qantas Group has recently sought reauthorisation of those arrangements by the ACCC.
- 2.8 This Application covers coordination between Qantas, Emirates, Jetstar Airways and Jetstar Asia but does not cover coordination between Emirates and Jetstar Japan.
- 2.9 More information about the Qantas Group is available at [www.qantas.com](http://www.qantas.com).

### Emirates

- 2.10 Emirates is a Dubai corporation established by Decree No 2 of 1985 (as amended) and is wholly owned by the Investment Corporation of Dubai, which is ultimately wholly owned by the Government of Dubai.<sup>28</sup> Emirates is the world's largest international carrier by revenue passenger kilometres (**RPKs**). It operates more than 2,700 flights per week across six continents from Dubai.
- 2.11 Emirates' route map (as at 1 September 2022) is set out in **Annexure E**. The destinations to which Emirates operates (as at 1 September 2022) are set out in Figure 3 below.

<sup>25</sup> Jetstar Asia ceased Australia – Singapore services on 30 June 2022

<sup>26</sup> Jetstar Japan plans to recommence international flights in FY2023.

<sup>27</sup> ACCC Determination in relation to Applications for Revocation and Substitution lodged by Qantas Airways Limited and Jetstar Airways Pty Ltd in respect of The Jetstar Pan-Asia Strategy, 16 February 2018. Available here: [https://www.accc.gov.au/public\\_registers/authorisations-and-notifications-registers/authorisations-register/qantas-airways-limited-jetstar-airways-pty-ltd](https://www.accc.gov.au/public_registers/authorisations-and-notifications-registers/authorisations-register/qantas-airways-limited-jetstar-airways-pty-ltd)

<sup>28</sup> The Investment Corporation of Dubai also wholly owns Flydubai, a low cost carrier based in Dubai, which is a related body corporate of Emirates. Flydubai is not part of the Restated MCA, and not covered by this application.



**Figure 3: Emirates Destinations (as at 1 September 2022)**

| Region      | Destinations  |
|-------------|---|
| Pacific     | Perth, Brisbane, Adelaide (temporarily suspended), Melbourne, Sydney, Auckland, <sup>29</sup> Christchurch (planned to recommence in March 2023)  |
| Asia        | Bangkok, Phuket, Kuala Lumpur, Singapore, Jakarta, Ho Chi Minh City, Manila, Hong Kong, Guangzhou, Shanghai (temporarily suspended), Beijing,(temporarily suspended) Seoul, Osaka, Tokyo, Dhaka, Kolkata, Hyderabad, Chennai, Colombo, Malé, Thiruvananthapuram, Kochi, Bengaluru, Mumbai, Ahmedabad, Delhi, Lahore, Islamabad, Karachi, Peshawar, Phnom Penh (temporarily suspended), Hanoi, Yangon (temporarily suspended), Cebu, Clark, Bali, Taipei, Kabul (temporarily suspended), Sialkot |
| Europe      | Glasgow, Dublin, Birmingham, London, Manchester, Newcastle, Lisbon, Madrid, Barcelona, Paris, Lyon, Nice, Zürich, Geneva, Milan, Venice, Munich, Vienna, Prague, Warsaw, Frankfurt, Düsseldorf, Amsterdam, Hamburg, Copenhagen, St. Petersburg, Moscow, Rome, Malta, Athens, Istanbul, Larnaca, Bologna, Budapest, Brussels, Oslo, Stockholm, Edinburgh (temporarily suspended), Porto (temporarily suspended)  |
| Americas    | Seattle, Los Angeles, San Francisco, Dallas, Houston, Toronto, New York, Washington DC, Buenos Aires (from 2 November 2022), Rio de Janeiro (from 2 November 2022), São Paulo, Newark, Orlando, Chicago, Boston, Miami, Mexico City   |
| Africa      | Cairo, Khartoum, Addis Ababa, Entebbe, Nairobi, Dar Es Salaam, Lusaka, Harare, Johannesburg, Durban, Seychelles, Mauritius, Cape Town, Luanda, Lagos (resumed 11 September 2022), Accra, Abidjan, Dakar, Casablanca, Tunis, Conakry   |
| Middle East | Muscat, Jeddah, Madinah, Beirut, Amman, Riyadh, Dammam, Kuwait City, Basra, Bahrain, Doha (temporarily suspended), Erbil (temporarily suspended), Baghdad, Tehran, Tel Aviv   |

2.12 Emirates is not a member of any global marketing alliance.

2.13 More information about Emirates can be found at [www.emirates.com](http://www.emirates.com)

### 3. The Proposed Conduct

#### Restated Master Coordination Agreement

- 3.1 As noted earlier, the Parties entered into the original Master Coordination Agreement on 6 September 2012 (**Original MCA**). This was authorised in 2013<sup>30</sup> and then the Restated MCA dated 11 October 2017 was reauthorised in 2018.<sup>31</sup> On 4 October 2021, the Restated MCA was extended without any material change to the commercial terms. The Restated MCA is included in Confidential **Annexure B**.
- 3.2 The current authorisation for the Restated MCA expires on 31 March 2023.
- 3.3 Under the extended Restated MCA and associated agreements, the Applicants will continue to cooperate across their global networks with the objective of enhancing the product offering to passengers, including in relation to:
- (a) planning, scheduling, operating and capacity;

<sup>29</sup> [START EK CONFIDENTIAL

END EK CONFIDENTIAL]

<sup>30</sup> The Original MCA was authorised by the Ministry on 15 May 2013 and the Competition Commission of Singapore (CCCS) on 28 March 2013 and was conditionally authorised by the ACCC on 28 March 2013: *ACCC Determination in relation to Applications for Authorisation lodged by Qantas Airways Limited and Emirates in respect of a Joint Coordination Agreement*, 28 March 2013. Available here: <http://registers.accc.gov.au/content/index.phtml/itemId/1078153/fromItemId/401858/display/acccDecision> (**ACCC Final Determination (2013)**).

<sup>31</sup> By the Ministry on 24 March 2018 and the ACCC in the ACCC Final Determination 2018.

- (b) sales, marketing, advertising, promotion, distribution strategies, reservation priority and pricing (including fares, rebates, incentives and discounts) for passengers, freight customers and agents;
  - (c) connectivity and integration of certain routes with the objective of offering customers a true global network using Qantas and Emirates' networks;
  - (d) codeshare and interline arrangements for passenger services and cargo on passenger flight services;
  - (e) control of inventories and yield management functions;
  - (f) frequent flyer programs with the objective of optimising earning and redemption opportunities for customers;
  - (g) all passenger-related aspects to provide a superior, consistent level of service to customers including ground services and lounge access;
  - (h) harmonising service and product standards in order to provide a seamless product to passengers;
  - (i) harmonising IT systems;
  - (j) joint airport facilities;
  - (k) joint offices for sales activities;
  - (l) potentially other aspects of operations including ground handling, carriage of cargo on dedicated freighter flight services, engineering services, joint procurement and flight operations;
  - (m) where appropriate and mutually agreed, making joint submissions to authorities on operational matters; and
  - (n) services and activities that are required to facilitate any of the matters referred to above.
- 3.4 As it has for nearly a decade, going forward, the alliance will continue to deliver customer benefits in a dynamic and changing global industry recovering post-pandemic.

#### Rationale For Continuation Of Proposed Conduct

##### *Qantas*

- 3.5 For Qantas, the alliance made possible by the Proposed Conduct remains an integral part of the Qantas Group's international strategy in a number of ways:
- (a) The alliance has enabled and continues to enable Qantas to offer customers significant diversity in terms of destinations, connectivity and combinability (among other benefits) that would not otherwise be possible for Qantas to do alone. For example, the alliance enables Qantas to offer customers the ability to fly into the UK/Europe on Qantas/Emirates and fly out of a different European port on Emirates.
  - (b) As a result, the alliance with Emirates has assisted, and will continue to assist, in supporting Qantas' international offering, in a global market in which Qantas remains disadvantaged as an end-of-line carrier relative to full service carriers based at mid-point hubs such as Singapore, Hong Kong, the Middle East or China. In authorising the Original MCA in 2013 and the Restated MCA in 2018, the ACCC acknowledged that as an end-of-line carrier on routes between Australia and the UK/Europe, Qantas did not have access to the same scale and density advantages that are available to carriers based in the Middle East and China, as a result of their ability to aggregate passenger traffic to and from the UK/Europe, North Africa and North East Asia.<sup>32</sup> Similarly, on balance, the ACCC considered that Qantas was likely to be at a competitive disadvantage in its operations between Australia and the UK/Europe compared to mid-point carriers based in the Middle East and Asia, as a result of its inability to achieve the same economies of scale and

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<sup>32</sup> ACCC Final Determination (2013), [179]; ACCC Final Determination (2018), [209].

density and its comparatively higher labour costs.<sup>33</sup> The Ministry's 2018 Final Report<sup>34</sup> with respect to the alliance also agreed with the Applicants that the alliance allows Qantas and Emirates to compete more effectively with rival alliances. That analysis remains accurate today. Most end-of-line carriers have continued to struggle on routes between Australia and New Zealand and the UK/Europe over the period of the current authorisation. Only British Airways and Qantas remain as end-of-line carriers offering end-to-end flight services to and from Australia (and New Zealand in the case of Qantas) in competition with a large number of mid-point carriers, many of which grew their capacity substantially in the period 2013-2019 as explained below.

- (c) Relatedly, in rebuilding after the pandemic, as noted above, the alliance assists in supporting Qantas's restoration of capacity to UK/Europe, the MENA Region and Asia from Australia and New Zealand and its recovery over the medium to long term.

#### *Emirates*

- 3.6 For Emirates, the Proposed Conduct remains strategically important in providing access to Australian and New Zealand consumers and in facilitating capacity expansion. Emirates' long-term growth strategy in New Zealand, including the introduction of non-stop Auckland-Dubai services (which will resume in December 2022), has been enhanced as a result of the alliance, for the benefit of New Zealand consumers. More particularly, by working together, Emirates' non-stop service also supports Jetstar's domestic New Zealand operation which facilitates more seamless travel options to regional cities in New Zealand for consumers; it has also allowed Emirates to offer New Zealand consumers alternative gateways to Dubai and beyond including more travel options to the MENA Region and Europe. The alliance has enabled Emirates to access high-yielding New Zealand and Australian domestic corporate and government travellers, particularly through the QFF Program, and this will continue going forward.

#### *Competitive landscape*

- 3.7 The Proposed Conduct has provided, and continues to provide, Qantas and Emirates with the ability to offer a compelling customer proposition in competition with many other international carriers who have invested, and will in future continue to invest, in New Zealand.
- 3.8 A number of airlines have made significant efforts to grow their offering into and from New Zealand. By way of example:
- (a) **Air New Zealand**, which operates passenger and cargo flights to 20 different regions across New Zealand. Pre-pandemic it flew more than 17 million passengers every year, with 3,400 flights per week. Air New Zealand has a focussed international strategy with direct flights to major cities in Australia, Asia, the Pacific Islands and the US. It relies on strong relationships with alliance partners to offer customers choice and convenience to destinations further afield including Air China, Singapore Airlines, United Airlines and Cathay Pacific. While the airline was significantly impacted by government imposed border controls and international travel restrictions during the pandemic, since the relaxing of restrictions in March 2022, Air New Zealand has quickly ramped up its capacity. The airline expects total flying capacity for FY2022/23 to be approximately 75%-80% of pre-pandemic capacity, reporting strong forward bookings. CEO Greg Foran reported that the airline's priority was to restore services and maintain choice of fares:<sup>35</sup>
- "We are rebuilding a stronger, more nimble airline, and we're confident we have the right strategy and the right team to deliver for all New Zealanders."*
- (b) **Singapore Airlines**, which recently posted the second highest quarterly profit in their history for the period ending 30 June 2022,<sup>36</sup> has a substantial and longstanding presence on flights to and from New Zealand, offering direct flights from Auckland and Christchurch

<sup>33</sup> ACCC Final Determination (2013), [183]; ACCC Final Determination (2018), [146].

<sup>34</sup> Final Report: Qantas-Emirates Master Coordination Agreement Reauthorisation, Ministry of Transport Analysis (2018 Final Report), [154]. Available here: <https://www.transport.govt.nz/assets/Uploads/Report/Final-Report-Redacted.pdf>

<sup>35</sup> Simple Flying, 'CEO Wants Air New Zealand to Run Like A Swiss Watch', 23 September 2022. Available here: <https://simpleflying.com/ceo-wants-air-new-zealand-to-run-like-a-swiss-watch/>

<sup>36</sup> Singapore Airlines, *SIA Group Posts First Quarter Operating Profit of \$556 Million Surging Passenger Demand* (Financial Report), 28 July 2022. Available here: <https://www.singaporeair.com/saar5/pdf/Investor-Relations/Financial-Results/SGXNET/bu-q1fy2223.pdf>.

to Singapore. Virgin Australia, which recommenced flights from Australia to Queenstown in November 2022, has also reinstated its service offering allowing Velocity members to redeem points on Singapore Airlines operated flights, and to transfer points from Velocity to Singapore Airlines KrisFlyer. This was in addition to the codeshare arrangements with partner carriers including Singapore Airlines, which were recently authorised by the ACCC.<sup>37</sup> These developments enhance the international offering of both Singapore Airlines and Virgin Australia.

- (c) **Qatar Airways**, which claims to be the 'world's fastest-growing airline',<sup>38</sup> has grown its fleet from 233 in 2017/18 to 257 in 2021/22<sup>39</sup> and made record net profits of QAR 5.6 billion (US\$ 1.54 billion) during the fiscal year 2021/22, 200 per cent above its highest annual historical profit. Against this backdrop, Qatar Airways has significantly expanded its New Zealand offering recently. In 2022, Qatar Airways launched an Adelaide-Auckland trans-Tasman service (which comprises a leg of its Doha-Adelaide-Auckland service), explaining:

*"The Australia and New Zealand region continues to be an area of strong growth for Qatar Airways, and launching this service will support the development of the economy and tourism sector in both countries. ... Not only do we continue to rebuild our network after the pandemic, but we are actively expanding it as travel restrictions ease. This is the latest in a series of enhancements to our Australian network this year, and we will no doubt continue to make upgrades as we expand our services further."<sup>40</sup>*

Reflecting these intentions, Qatar Airways has since expanded its Doha-Adelaide-Auckland service from 3 to 5 services per week. In addition, a recently commenced partnership between Virgin Australia and Qatar Airways (as authorised by the ACCC<sup>41</sup>) will provide Virgin Australia customers with access to Qatar's network of more than 140 destinations via Doha (with planned expansion to 160 destinations<sup>42</sup>), enhancing the international offering of both Qatar Airways and Virgin Australia, including for customers in Australia and New Zealand.

- 3.9 Other carriers are also growing their offering to / from New Zealand. For example, as at November 2022, Malaysia Airlines operates multiple weekly frequencies from Kuala Lumpur to Auckland on every day of the week, including four direct services per week and Air Asia X has resumed its Kuala Lumpur-Auckland (via Sydney) flights, which will move to daily frequencies from December 2022.<sup>43</sup>
- 3.10 In this context, the Proposed Conduct remains an important strategic imperative for both Emirates and Qantas. With their highly complementary global networks, both airlines can leverage each other's network strengths to deliver significant public benefits through a shared goal of premium customer service, while also growing sustainably as demand returns post-pandemic.

#### Counterfactual

- 3.11 The public benefits delivered through the alliance would not be possible in the counterfactual.
- 3.12 Without authorisation of the Proposed Conduct, there would be no commercial agreement between Qantas and Emirates or, at best, a vastly diminished arm's length codeshare.

<sup>37</sup> ACCC Determination in relation to Applications for authorisation lodged by Virgin Australia Airlines Pty Ltd in respect of proposed codeshare pricing arrangements with participating international airlines, dated 8 September 2022. Available here: <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/virgin-australia-airlines-pty-ltd-0>

<sup>38</sup> Qatar Airways website. Available here: <https://www.qatarairways.com/en/about-qatar-airways.html>

<sup>39</sup> In 2022, Qatar Airways and Boeing further signed a Memorandum of Understanding for 25 Boeing 737-10 aircraft and purchase rights for 25 additional airplanes. Source: Qatar Airways, 'Annual Report 2021/2022', Available here: <https://www.qatarairways.com/content/dam/documents/annual-reports/2022/annual-report-en.pdf>

<sup>40</sup> SA Tourism, 'New Qatar Airways Route set to bring multi-million dollar NZ market back to SA', 13 April 2022. Available here: <https://tourism.sa.gov.au/news-articles/new-qatar-airways-route-set-to-bring-multi-million-dollar-nz-market-back-to-sa>

<sup>41</sup> ACCC Determination in relation to Applications for authorisation lodged by Virgin Australia Airlines Pty Ltd in respect of proposed codeshare pricing arrangements with participating international airlines, 8 September 2022 Available here: <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/virgin-australia-airlines-pty-ltd-0>

<sup>42</sup> Qatar Airways, 'Annual Report 2021/2022', Available here: <https://www.qatarairways.com/content/dam/documents/annual-reports/2022/annual-report-en.pdf>

<sup>43</sup> Based on published flight schedules accessed on 3 November 2022. Available here: <https://www.airasia.com/> and <https://www.malaysiaairlines.com/us/en.html>



who are resident in New Zealand.<sup>50</sup> In the absence of the Proposed Conduct, Qantas and Emirates earning and redemption rules would be geared to incentivise members to travel on the host program's carrier code as much as possible. By contrast, with the Proposed Conduct, there is an incentive to enable host program members to access the other carriers' network and inventory at an equal level.

- 3.18 Further, without the Proposed Conduct, there would be no incentive for Qantas and Emirates to work together to unlock network connectivity and collaborate in relation to customer innovations and product initiatives, which greatly benefit the customer. Further details of benefits generated through the alliance are set out below.

#### 4. No Adverse Impact on Consumers

##### The Proposed Conduct Will Not Cause Any Adverse Impact on Consumers

- 4.1 The Proposed Conduct facilitates public benefits that would not occur in the counterfactual future, and will allow Qantas and Emirates to continue to deliver significant public benefits as the international networks recover from the effects of the pandemic. It is inherently pro-competitive and will not result in any adverse impact to consumers in circumstances where the Applicants will continue to:
- (a) operate highly complementary networks with very limited overlap with **just two routes** – Sydney-Christchurch and Melbourne-Singapore – anticipated to be direct overlap routes (once Emirates resumes these routes); and
  - (b) be disciplined by:
    - (i) a number of existing fierce competitors already providing strong and effective constraints within highly competitive and rivalrous markets; and
    - (ii) the prospect of new entry and expansion, as a result of New Zealand's bilateral arrangements and 'Open Skies' deals with certain countries.

##### Limited Overlap

- 4.2 The direct operating overlap between Qantas and Emirates (once Emirates resumes these routes) is limited to **just two routes**: Christchurch-Sydney and Melbourne-Singapore.<sup>51</sup> The extent of overlap is very limited when considering the scope of each network as shown in **Annexures D and E**.
- 4.3 Qantas and Emirates still overlap indirectly from New Zealand to the UK/Europe (flying via different midpoints) and wish to continue to coordinate in relation to these services.
- 4.4 However, consistent with the Ministry's approach in 2013 and 2018, the continuation of the alliance will not have any effect on competition on routes between New Zealand and Asia, New Zealand and the UK/Europe, New Zealand and the Americas and New Zealand to Sub-Saharan Africa and such markets are not considered further in this Application.
- 4.5 The focus of this Application is the impact of the Proposed Conduct on the Tasman. As set out below, the Proposed Conduct will deliver public benefits while still remaining constrained by intense competition. The Proposed Conduct will accordingly not result in any adverse impact to consumers.

#### 5. Trans-Tasman

##### Overview of Tasman Routes

- 5.1 As noted earlier, the Applicants will overlap on the Christchurch-Sydney route once Emirates recommences its daily A380 services on this route (as an extension of its Dubai-Sydney service), which it anticipates doing in March 2023. In the meantime, Qantas has been restoring services

<sup>50</sup> As at 18 October 2022.

<sup>51</sup> At the time of the 2017 application to the Ministry, there was also direct operating overlap on the Brisbane-Singapore route and Sydney-Bangkok route. Emirates does not currently operate on these routes.

- across the Tasman following the easing of entry restrictions into New Zealand and is providing additional Sydney - Christchurch services until Emirates services resume.
- 5.2 The Tasman remains Australia's busiest international route in terms of direct capacity and frequency of service. In addition to Qantas, Jetstar and Emirates, other carriers serving the Tasman pre-pandemic and/or currently include Virgin Australia, Air New Zealand, Singapore Airlines, Malaysia Airlines, LATAM, China Airlines and Air Asia X.
- 5.3 In the year ending 31 March 2022, New Zealand was the largest source of inbound visitor arrivals to Australia.<sup>52</sup> Pre-pandemic, all major carriers expanded their services between New Zealand and Australia. For example, in 2019, after the end of its partnership with Air New Zealand, Virgin Australia increased its frequency to Auckland from Sydney, Melbourne and Brisbane, but also added new Melbourne-Queenstown and Sydney-Wellington routes, whilst Air New Zealand introduced new Brisbane-Wellington and Brisbane-Queenstown routes. Due to the impacts of the pandemic, Virgin Australia suspended scheduled Tasman services in 2020, however it commenced flights to Queenstown from Australia in November 2022. In addition, as noted above, Qatar Airways has introduced an Adelaide-Auckland service (with Adelaide tagged as part of Qatar Airways' Doha to Auckland service) which has already been increased from three to five times per week.
- 5.4 Qantas currently operates services between:
- Sydney/Melbourne/Brisbane and Auckland;
  - Sydney/Melbourne and Wellington;
  - Sydney/Melbourne/Brisbane and Queenstown; and
  - Sydney/Melbourne/Brisbane and Christchurch.
- 5.5 Jetstar Airways currently operates services between:
- Sydney/Melbourne/Gold Coast and Auckland;
  - Melbourne/Gold Coast and Christchurch;
  - Gold Coast and Wellington; and
  - Sydney/Melbourne/Gold Coast and Queenstown.
- 5.6 **[START QF CONFIDENTIAL** [REDACTED] **END**  
**QF CONFIDENTIAL]**
- 5.7 Pre-pandemic, Emirates provided non-stop services between Dubai and Auckland. These are temporarily routed via Kuala Lumpur but are expected to resume as non-stop services on 1 December 2022.
- 5.8 Despite the limited overlap on the Tasman (confined to a single route) – Qantas and Emirates wish to continue to work together in relation to Tasman services, including in relation to pricing and scheduling to ensure that their respective customers receive premium service and product.
- Effective Competitive Constraints
- 5.9 Continuing the Proposed Conduct in respect of the Tasman will not produce any competitive detriment, particularly given that the market remains one of the most competitive in the world.<sup>53</sup>
- 5.10 **Annexure F** contains data since CY2017 in relation to international air passenger services between:
- Australia and New Zealand (see Table 1);
  - Australia and New Zealand in respect of business purpose travellers (see Table 2); and
  - Australia and New Zealand in respect of leisure purpose travellers (see Table 3).

<sup>52</sup> Tourism Australia, *International Tourism Snapshot Available* (Report) March 2022.

<https://www.tourism.australia.com/content/dam/digital/corporate/documents/international-tourism-snapshot-march-2022.pdf>

<sup>53</sup> Bradley, Grant 'Shake-up on transtasman route' in *New Zealand Herald*, 19 June 2017.

- 5.11 For completeness, data on city pair Sydney-Christchurch is included in Annexure F (see Table 4).
- 5.12 In relation to Annexure F, it should be noted that since calendar year 2020 the reverberations of the pandemic have led to significant variances in market share, including as a result of carriers' different approaches and capabilities to operate amid government imposed travel restrictions and rebuild capacity in the recovery stage, variable passenger numbers, and operational differences and challenges. Given these variables and volatility in operating conditions, market share figures since CY2020, including those for 2022, should not be seen as reflective of competition dynamics and conditions going forward. For these reasons, the Application focusses on pre-pandemic market shares.
- 5.13 Pre-pandemic, in the calendar year 2019, the Qantas Group (including Qantas and Jetstar Airways) had a share of 38.6 per cent and Emirates had a share of 3.0 per cent of all passenger services between Australia and New Zealand, giving a combined total of 41.6 per cent. Air New Zealand had a share of 38.0 per cent and Virgin Australia had a share of 16.3 per cent. As the market share data in Annexure F indicates, across the alliance Qantas Group and Emirates' market share between Australia and New Zealand has generally remained steady prior to the pandemic. However, as discussed above, shares since the pandemic have varied considerably.
- 5.14 Qantas and Emirates will clearly remain constrained by strong competitors on the highly contested Tasman, particularly Air New Zealand. In the past 12 months, Air New Zealand was the airline most visitors use to travel from New Zealand to Australia<sup>54</sup> and is a fierce competitor of Qantas and Emirates, its key strength being in the delivery of traffic from its regional network in New Zealand onto the Tasman. In response to the reopening of New Zealand's borders post-pandemic, and the resumption of trans-Tasman flights, Air New Zealand's CEO Greg Foran stated that:
- "The Tasman will be competitive and our biggest market so we won't reduce capacity there and will maintain good market share."<sup>55</sup>*
- 5.15 Air New Zealand boosted its presence in/from Australia in 2017, with the launch of a premium passenger lounge at Perth's international terminal, adding to the airline's international lounges in Sydney and Melbourne. In 2019, Air New Zealand expanded its fleet to include the Airbus A321 NEO. As at April 2022, Air New Zealand has 7 further Airbus A320 NEOs on order.<sup>56</sup>
- 5.16 In addition to Air New Zealand, Virgin Australia has historically been and will likely be a strong constraint in future. Since the 2018 reauthorisation until the pandemic, as noted above, Virgin Australia added trans Tasman routes and increased frequencies. While it suspended operating Tasman services due to the impact of the pandemic, Virgin Australia recommenced Tasman routes in November 2022 with services between Australia and Queenstown. Virgin Australia has also been increasing the size of its Boeing 737 fleet; in 2022, it announced the addition of eight Boeing 737 MAX 8 in the near future.<sup>57</sup> Virgin Australia has also recently commenced a new strategic alliance with Qatar Airways,<sup>58</sup> with Qatar Airways customers gaining access to Virgin Australia's services to New Zealand, as well Qatar Airways own Tasman services (between Adelaide and Auckland) which it has recently expanded. Further (as noted above) Malaysia Airlines and AirAsia have also recently expanded capacity to Auckland from Kuala Lumpur, directly (four times per week with Malaysia Airlines) and indirectly (via Australian cities on Malaysia Airlines and via Sydney on Air Asia). As a result, it can be expected that going forward the Tasman will be even more competitive than at the time of the 2017 application for reauthorisation.

<sup>54</sup> Tourism Australia, *Tourism Australia Market Profile 2017 – New Zealand* (Report) 2017. Available here:

<http://www.tourism.australia.com/content/dam/assets/document/1/6/x/g/o/2002920.pdf>.

<sup>55</sup> Air New Zealand CEO Greg Foran cited in the Australian, 'Air New Zealand will run tight and heavy fleet to stay ahead', 22 April 2022. Available here:

[https://www.theaustralian.com.au/subscribe/news/1/?sourceCode=TAWEB\\_WRE170\\_a\\_GGL&dest=https%3A%2F%2Fwww.theaustralian.com.au%2Fbusiness%2Faviation%2Fair-new-zealand-will-run-tight-and-heavy-fleet-schedule-to-stay-ahead-ceo-greg-foran%2Fnews-story%2Fc4f75424500d48c57e24a60f116b0f57&memtype=anonymous&mode=premium&v21=dynamic-low-test-score&V21spcbehaviour=append](https://www.theaustralian.com.au/subscribe/news/1/?sourceCode=TAWEB_WRE170_a_GGL&dest=https%3A%2F%2Fwww.theaustralian.com.au%2Fbusiness%2Faviation%2Fair-new-zealand-will-run-tight-and-heavy-fleet-schedule-to-stay-ahead-ceo-greg-foran%2Fnews-story%2Fc4f75424500d48c57e24a60f116b0f57&memtype=anonymous&mode=premium&v21=dynamic-low-test-score&V21spcbehaviour=append).

<sup>56</sup> 'Operating fleet', Air New Zealand (Webpage). Available here: <https://www.airnewzealand.com.au/fleet>.

<sup>57</sup> 'Virgin Australia expands Boeing 737 MAX 8 fleet and secures access to full-flight simulator in Perth' dated 24 August 2022.

Available here: <https://newsroom.virginaustralia.com/release/virgin-australia-expands-boeing-737-max-8-fleet-and-secures-access-full-flight-simulator#:~:text=Virgin%20Australia%20has%20announced%20four.and%20journey%20towards%20Net%20Zero>.

<sup>58</sup> 'Virgin Australia announces partnership with Qatar Airways', Virgin Australia Newsroom (Press Release, 10 May 2022). Available here: <https://newsroom.virginaustralia.com/release/virgin-australia-announces-partnership-qatar-airways>.



- 5.17 In addition to existing operators, new entry and expansion on the Tasman is made likely and accessible by the liberal and reciprocal 'Open Skies' agreements between Australia and New Zealand, under which there are unlimited capacity entitlements between Australia and New Zealand. The New Zealand Government's International Air Transport Policy announced on 30 August 2012 promotes far-reaching liberalisation under reciprocal open skies agreements, recognising the vital importance to the New Zealand economy of increasing international aviation connectivity to the rest of the world. Under the Policy, New Zealand pursues reciprocal 'Open Skies' agreements (except where they are adverse to the country's national interest). Under the reciprocal 'Open Skies' approach, New Zealand will seek to put in place agreements that provide for:
- (a) no restrictions on routes, capacity or traffic rights (including seventh freedom and cabotage – eighth and ninth freedom – rights);
  - (b) no regulation of tariffs, except to prevent anticompetitive behaviour;
  - (c) liberal arrangements for granting operating authorisations following receipt of designation; and
  - (d) provisions facilitating regulatory cooperation by civil aviation authorities on matters such as trade in aviation goods and services – which has potential to increase opportunities for air freight transportation services.

- 5.18 A recent example of new entry and expansion on the Tasman is Qatar Airways' Adelaide - Auckland service, which has already been expanded from three to five services per week. Qatar recently launched a flight sale in celebration of the route to encourage trans Tasman travel.<sup>59</sup>

No coordinated effects

- 5.19 The Restated MCA does not make coordinated effects between the Qantas/Emirates alliance and other competitors on the Tasman, including Air New Zealand and Virgin Australia (as it recommences services) any more likely to occur. The potential for sustainable anti-competitive coordination is greatest where:
- (a) firms have the ability and incentive to settle on terms (not necessarily by communication or active coordination) that are profitable for all;
  - (b) firms can detect deviations from the consensus;
  - (c) the threat of retaliation from other firms involved is sufficiently costly to act as a deterrent to deviation; and
  - (d) the consensus is not undermined by competitive constraints.
- 5.20 As was the case in 2013 and 2018, such conditions will not arise on the Tasman. To the contrary, the ability for carriers to engage in coordinated conduct is lessened or eliminated by:
- (a) the highly competitive and dynamic nature of the global aviation industry within which the Proposed Conduct will take place, including the highly competitive nature of the Tasman;
  - (b) low barriers to entry and expansion on the Tasman described above, which encourage independent firms to enter and undermine any coordination and reduce the ability for any concerted attempts to raise prices or lower service quality – as demonstrated by Qatar Airways' new and expanded Adelaide to Auckland service, and Qantas' ability to increase its capacity from 30 October 2022 to make up for the temporary decrease in capacity on the Sydney-Christchurch route while Emirates is not operating;
  - (c) the various carriers having different cost bases and business models, which means that they are less likely to have aligned interests. All the relevant carriers have vastly different characteristics and geopolitical objectives. Some are full service airlines with relevant network, frequency and scheduling considerations driving their operations and local distribution models via travel agents (Qantas, Emirates and Air New Zealand), another is a low cost carrier with a particular focus on leisure passengers (Jetstar) and one has an evolving business model with a continuing focus on a 'virtual' rather than operational

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<sup>59</sup> Chisa Boonmee, 'Qatar Airways launches new sale encouraging Trans-Tasman travel to celebrate the expansion of Adelaide to Auckland Route', Global Travel Media (Article, 2 August 2022). Available here: <https://eglobaltravelmedia.com.au/2022/08/02/qatar-airways-launches-new-sale-encouraging-trans-tasman-travel-to-celebrate-the-expansion-of-adelaide-to-auckland-route/>.

international long-haul network and leisure focused short-haul operational international network (Virgin Australia);

- (d) given the financial impacts of the pandemic, and increased costs generally (fuel, labour shortages etc), other carriers would have the incentive to pick up any excess demand following a hypothetical decrease in capacity and increase in prices by Qantas and Emirates;
- (e) the degree of product differentiation, which means that there is less likely to be any stagnation or false comfort that service and price competition can deteriorate through a collective exercise of market power, without repercussion;
- (f) the price sensitivity of the majority of Tasman passengers which means that all carriers lack the ability – whether individually or in concert – to raise prices without suffering significantly reduced load factors; and
- (g) competing airlines such as Virgin Australia would have the opportunity to absorb extra passengers in the event of a price rise by another, which removes the ‘comfort’ otherwise co-ordinating firms might have. Virgin Australia has been increasing the size of its Boeing 737 fleet; in 2022, it announced the addition of eight Boeing 737 MAX 8 in the near future<sup>60</sup>. Using these fleet units or other existing units, Virgin Australia has significant latent capacity in its schedule to increase capacity to capture passengers in the event of a price rise by another.

#### Ongoing Reporting to the ACCC on Tasman routes Is Unnecessary and Inappropriate

- 5.21 While the ACCC imposed a route reporting condition in relation to various trans Tasman routes in reauthorising the Proposed Conduct in 2018, the Applicants (as they did in 2018) consider that such a condition is unnecessary.
- 5.22 First, in terms of the Sydney-Auckland, Melbourne-Auckland and Brisbane-Auckland routes, there has been and is no overlap between Qantas and Emirates on these routes.
- 5.23 Second, with respect Sydney-Christchurch route, Emirates is not currently servicing this route and even once Emirates resumes this route as it anticipates doing in March 2023, this route is and will be characterised by intense competition from Air New Zealand (and in future, potentially Virgin Australia).
- 5.24 Third, the threat of new entry on Tasman routes also imposes a significant competitive constraint on the Applicants in practice. This is a credible threat, as evidenced by Qatar recently commencing and quickly expanding its Adelaide to Auckland service and Virgin Australia’s likely re-expansion of their Tasman offering with their new fleet acquisition.
- 5.25 Fourth, a condition serves no effective or efficient regulatory purpose where, in any event and regardless of the Proposed Conduct, the Qantas Group remains strategically committed to serving the Tasman. The Tasman is an integral part of the Qantas Group’s corporate proposition in both Australia and New Zealand. Irrespective of the Proposed Conduct, the nature of passenger demand on the Tasman means that the Qantas Group will be naturally incentivised to provide high frequency services with capacity tailored to meet, rather than in any way restrict, demand. Qantas has demonstrated that it is willing to maintain and / or grow its presence on Tasman routes, including the Sydney-Christchurch route by adding additional frequencies in light of Emirates’ delayed return to the route. More broadly, Qantas is incentivised to maintain or grow connectivity to/from New Zealand (including Christchurch) to feed its expanding international network from Australia. **[START QF CONFIDENTIAL** [REDACTED] **END QF**  
**CONFIDENTIAL]**
- 5.26 Further, as noted above, **[START EK CONFIDENTIAL** [REDACTED]

<sup>60</sup> 'Virgin Australia expands Boeing 737 MAX 8 fleet and secures access to full-flight simulator in Perth' dated 24 August 2022. Available here: <https://newsroom.virginaustralia.com/release/virgin-australia-expands-boeing-737-max-8-fleet-and-secures-access-full-flight-simulator#:~:text=Virgin%20Australia%20has%20announced%20four.and%20journey%20towards%20Net%20Zero>.

**CONFIDENTIAL]**

- 5.27 For these reasons, and given the absence of any demonstrated harm since 2013 when the alliance was first authorised, the alliance has led to and will continue to lead to strong procompetitive outcomes on trans Tasman routes and no reporting condition is warranted.
- 5.28 Alternatively, and to the extent that the ACCC does maintain the reporting conditions, the Applicants submit that the Ministry, consistent with its approach in 2013 and 2018, should not impose the same or different (and potentially conflicting) conditions because these would either have no practical effect except to increase compliance costs or would have unpredictable consequences, potentially to the detriment of the consumers.

## 6. Freight Services

- 6.1 For the purposes of this Application, it is also relevant to assess the impact of the Proposed Conduct on the market for freight air services between Australia and New Zealand. This market is highly competitive with numerous operators and routing options and low barriers to entry, as described further below.
- 6.2 As the ACCC has previously acknowledged,<sup>61</sup> freight markets are generally defined more widely than passenger markets given that indirect services are more likely to be regarded as close substitutes for direct services than would be the case for passenger services. The ACCC also previously noted that relevant air cargo transport services market includes cargo carried in the holds of aircraft used for passenger services as well as cargo carried by dedicated freighters.
- 6.3 Qantas and Jetstar Airways carry freight in the belly space of their passenger operations to and from New Zealand. In addition, in relation to dedicated freighter services to/from New Zealand, Qantas operates (as at 1 September 2022):<sup>62</sup>
- (a) Sydney-Auckland-Christchurch-Sydney on a five times per week basis using a Boeing 767 Freighter three times per week (Mon/Tues/Thurs) and an Airbus A330 operating as freighter twice weekly (Wed/Sat);
  - (b) inbound using Boeing 747F aircraft: Chicago-Los Angeles-Honolulu-Auckland-Sydney on a weekly basis.
- 6.4 Emirates carries freight in the belly-space of its passenger operations to and from New Zealand. Emirates does not currently operate any scheduled dedicated freighter services to/from New Zealand.
- 6.5 The Australia – New Zealand freight services market is highly competitive.
- 6.6 **Annexure G** contains data in relation to international freight services between Australia and New Zealand (see Table 1).<sup>63</sup>
- 6.7 Pre-pandemic, in 2019, the Qantas Group had a share of 21.8 per cent, Emirates had a share of 3.6 per cent (giving a combined share of 25.4 per cent), while Air New Zealand had a share of 49.3 per cent, Tasman Cargo Airlines had a share of 12.6 per cent, Singapore Airlines had a share of 7.6 per cent, with other carriers such as Virgin Australia and China Airlines competing for share.
- 6.8 Freight services on the Tasman are competitive for reasons which include:
- (a) indirect routes are generally substitutable for direct cargo services (including, for example, services to other cities in New Zealand with road / sea connections);
  - (b) entry and expansion of dedicated freighters can take place rapidly (for the reasons in paragraph 6.9 below). For example, Tasman Cargo Airlines (operating for DHL) has grown its share in relation to Australia-New Zealand freight services from 7.3 per cent in CY2017 to 28.6 per cent in the period January to May 2022. In addition, in the last 12 months, Airworks (operated on behalf of FedEx) has entered the trans Tasman market

<sup>61</sup> ACCC Determination (2013), [120].

<sup>62</sup> Schedule subject to change.


<sup>63</sup> Qantas does not have access to and is not aware of any readily available market share data for city pairs in freight services.

using Boeing 737 Freighter aircraft along Auckland-Sydney-Auckland, and Auckland-Christchurch-Melbourne-Auckland routes.

- 6.9 As was the case in 2013 and 2018, barriers to entry and expansion in the Tasman freight services markets are low, as demonstrated by the entry of Tasman Cargo Airlines and Airworks. Further, freight capacity, particularly dedicated freight capacity, tends to quickly and closely follow demand. Freight services are often introduced or cancelled on a week to week or day to day basis depending on load factors, and capacity can be added (with airlines adding 'freighter' capacity during the pandemic, namely repurposing / operating passenger aircraft as freighters). Given that most dedicated freight services operate at non-peak time slots, obtaining landing rights is generally not an issue for new or returning operators at most ports.
- 6.10 The Applicants will thereby continue to be constrained by the prospect of new entry and expansion. No competitive detriment will arise from continuation of the Proposed Conduct.

## 7. Public Benefits

### Overview

- 7.1 By contrast to the consumer detriment that would be caused in the counterfactual scenario, the Proposed Conduct has been proven to deliver real and material public benefits to consumers in New Zealand, Australia and other regions. The Restated MCA will continue to provide a deep level of integration to closely align the commercial incentives of Emirates and Qantas. This will ensure that each airline treats the other's customers as if they were their own and allows the airlines to provide the greatest benefits to passengers in terms of product and customer service.
- 7.2 Since 2013, and putting aside the temporary disruption caused by the pandemic, Qantas and Emirates have together delivered real and substantial benefits to consumers (including New Zealand consumers) as set out in paragraph 1.8 above.
- 7.3 By way of further examples, since 2018, when the Restated MCA was last authorised by the Ministry, Qantas and Emirates have:
- (a) offered customers expanded choice of offerings, including through Qantas commencing the first ever non-stop direct flight between Australia and Europe with Perth-London; and subsequently commenced a further non-stop direct flight between Australia and Europe with Qantas' (seasonal) Sydney-Perth-Rome route. **[START QF CONFIDENTIAL**  **END**  
**QF CONFIDENTIAL];**
  - (b) offered benefits to freight customers through coordination under the Restated MCA on various cargo/freight arrangements, comprising block space, interline and post office/mail arrangements;
  - (c) improved Qantas' Corporate and SMEs offering (e.g. Qantas Business Rewards program) through the additional choice of network/schedule and additional tiers of discounts/savings that would not typically be provided under an arm's length codeshare arrangement; and
  - (d) enhanced the customer experience across the combined network through opening state of the art, innovative and premium international lounges (including new or upgraded lounges) which each other's loyalty members can access (depending on membership tier), in destinations such as Perth, Singapore, London (in the case of Qantas) and Rome (in Emirates case), as discussed further below.
- 7.4 The public benefits from the alliance (including those as set out in paragraph 1.8) will continue through the Proposed Conduct going forward. By contrast, without continuation of the alliance, consumers will suffer immediate and significant detriment. Further detail is provided below.

### Expanded network, improved connectivity and greater schedule choice

#### *Demonstrated history of benefits*

- 7.5 The Proposed Conduct has a proven history of delivering significant public benefits since it first commenced in 2013. It has provided New Zealand consumers with more direct and transit options to more destinations and more choice and connectivity.
- 7.6 When it was implemented in 2013, the Proposed Conduct resulted in a significant expansion of destinations and frequencies of service that could be offered to Qantas and Emirates customers, and this has continued. The Proposed Conduct has provided and will continue to provide expansive opportunities for customers (including New Zealand customers) to travel under a single airline code between points of origin and destination that would have previously been unavailable on either party's code, thereby offering significantly greater choice than would otherwise be possible. **[START QF CONFIDENTIAL** [REDACTED] **END QF**  
**CONFIDENTIAL]**
- 7.7 Through the Proposed Conduct, customers can purchase either a Qantas ticket or an Emirates ticket and access any of the alliance's codeshare flights. In this regard, the Ministry recognised that the alliance has supported better options for travellers, provides New Zealand customers with greater choice and connectivity when travelling internationally to and from New Zealand, and that better connectivity with the rest of the world also drives growth in tourism and trade.<sup>64</sup>
- 7.8 As a result of the alliance,<sup>65</sup> a person who holds a Qantas ticket has the option of switching to an Emirates flight, subject to seat availability, on similar terms as they would face to switch to an alternate Qantas flight (and vice versa). Increased access to each carrier's frequencies and expanding range of destinations globally has conferred public benefits, with passengers with a Qantas ticket having increased flexibility and convenience resulting from a greater choice of frequencies and arrival/departure times. In 2018, the ACCC recognised that "*increased access to frequencies and destinations resulting from the alliance is likely to represent a benefit for both: (i) passengers whose itineraries require flights with both airlines; and (ii) passengers with a strong loyalty to Qantas who wish to access Emirates frequencies and destinations (or vice versa)*".<sup>66</sup>
- 7.9 The Proposed Conduct facilitated the launch of Emirates' non-stop Dubai-Auckland services, providing consumers with more convenient travel options to and from New Zealand, and allowing certain foreign nationals to avoid the need for transit visas that were otherwise required when routing via Australia. Emirates' non-stop Dubai-Auckland service had an average load factor (by seat) of **[START EK CONFIDENTIAL** [REDACTED] **END EK**  
**CONFIDENTIAL]** demonstrating the value of this non-stop service to consumers. The alliance has also facilitated capacity expansion by Emirates. As a result of increased Australian feeder traffic from Qantas and customer demand resulting from the alliance, Emirates was able to expedite capacity expansion such as deployment of its flagship Airbus A380 on numerous Australian and New Zealand services such as its Dubai-Auckland service (up-gauged from the Boeing 777-200 aircraft), Dubai-Melbourne (up-gauged from Boeing 777-300 aircraft), Dubai-Sydney (mix of Airbus A380 and Boeing 777-300 aircraft) flights as well as additional non-stop capacity on Brisbane-Dubai, including through deploying its flagship Airbus A380 on this route (in addition to Boeing 777-300ER aircraft).
- 7.10 The diversity of choice made possible through the Proposed Conduct continues to grow, enabling the Applicants to offer (through their combined network) a vast number of origin/destination combinations. Indeed, prior to the pandemic, more than 3,600 origin/destination combinations were offered over the combined networks of Qantas and Emirates.
- 7.11 The global network offered to customers through the alliance has continued to expand, thereby increasing customer choice. For example, since 2018, when the alliance was last authorised, Emirates has continued to expand its network to Europe and the MENA Region, for example, in 2018 and 2019, Emirates added capacity to Brussels, Lisbon, Prague, Stockholm and Zagreb across Europe and Abuja, Cairo, Casablanca, Khartoum and Lagos across North Africa. Since 2018, Emirates has also added new services to destinations that include London-Stansted, Edinburgh, Porto and Tel Aviv. These routes were supported by the alliance with Qantas and

<sup>64</sup> 2018 Final Report, [141].

<sup>65</sup> As recognised by the ACCC: ACCC Final Determination (2018), [102].

<sup>66</sup> ACCC Final Determination (2018), [103].

gave customers (including New Zealand customers) increased options to connect throughout the world via Dubai.

- 7.12 Customers now have access to 72 destinations served by Qantas but not Emirates (including Wellington and Queenstown), and 67 destinations in the UK/Europe and the MENA Region that are served by Emirates but not Qantas (including Kuwait, Manchester, Glasgow, Newcastle, Dublin, Paris, Madrid, Barcelona, Hamburg, Copenhagen, Moscow and Athens). This includes some one-stop routes from Auckland (via Dubai) that are unique to Emirates, including to destinations such as Stockholm, Birmingham (GB), Bologna, Budapest, Glasgow, Hamburg, Istanbul, Larnaca, Lisbon, London Stansted, Lyon, Nice, Newcastle, Oslo, Venice and Vienna.<sup>67</sup>
- 7.13 This means Qantas customers in New Zealand can access onward connections on Emirates to a vast range of destinations in the UK/Europe and the MENA Region not served by Qantas, while Emirates passengers flying to New Zealand will have access to onward connections on Qantas from Australia to major New Zealand cities, and onward connections in New Zealand on Jetstar.

*Pandemic support and future benefits from expansive combined network*

- 7.14 As has been well documented globally, the pandemic has impacted international aviation networks in an unprecedented manner and has significantly impacted Qantas and Emirates (as discussed above). Although demand is returning, IATA forecasts that it will be at least 2024 by the time global passenger traffic recovers to pre-pandemic levels,<sup>68</sup> and there are still key parts of both Qantas and Emirates' networks that remain closed to foreign tourists (in the Qantas Group's case, notably routes to China).
- 7.15 Further, the aviation industry continues to suffer from other flow-on effects from the pandemic and other global events such as the ongoing war in Ukraine. Operationally, all airlines are experiencing disruption and delays as a result of staff/labour shortages (including crew availability and retraining), delays in aircraft manufacture and delivery, supply chain constraints as well as significantly increasing fuel prices. This creates additional complexities and operational challenges for airlines rebuilding post-pandemic.
- 7.16 In this context, the Proposed Conduct is important both to supporting the ongoing rebuild of international operations by Qantas and Emirates going forward, and as that occurs and demand recovers, to enabling Qantas and Emirates to deliver the real and substantial benefits outlined above going forward, as they have delivered pre-pandemic through the alliance. The Proposed Conduct will thereby continue to deliver important public benefits that could not otherwise be achieved to the same extent absent the Proposed Conduct.
- 7.17 In terms of rebuild, as noted above, the Proposed Conduct will support restoration of capacity, to the benefit of customers (including customers in New Zealand). Relevantly, with respect to New Zealand, Emirates views the alliance as supporting the resumption of Emirates services between Sydney and Christchurch (as an extension of its Dubai-Sydney service) in March 2023, and non-stop services between Dubai and Auckland from December 2022. Meanwhile Qantas has commenced additional services from Sydney to Christchurch temporarily until Emirates recommences that route, adding frequencies (to twice daily) between Sydney and Christchurch from 30 October 2022 to the end of Northern Hemisphere winter (end of March 2023), with Qantas then returning to eleven services per week. Once Emirates resumes services from Sydney to Christchurch, the alliance will provide increased spread of schedule choice on this route with Qantas and Emirates together likely to optimise choices for customers – a recognised public benefit.<sup>69</sup>
- 7.18 The Proposed Conduct will also support potential capacity expansion and similar benefits over the longer term, as has been the case since the alliance was first authorised. For example, Qantas and Emirates have also been working together to increase more capacity between Australia and the Middle East (which the Ministry recognised is also a benefit to New Zealand<sup>70</sup>), with the intention of Emirates adding a third daily frequency between Dubai and Sydney before the end of the Northern Winter 2022/23 IATA season. In addition, Qantas also now operates the Brisbane-

<sup>67</sup> Destinations based on those currently published for sale with travel dates in the future (until June 2023).

<sup>68</sup> 'Aviation recovery continues despite headwinds', IATA, (News, 21 September 2022). Available here: <https://airlines.iata.org/news/aviation-recovery-continues-despite-headwinds>

<sup>69</sup> ACCC Final Determination (2018), [108].

<sup>70</sup> 2018 Final Report, [151].

Queenstown and Melbourne-Queenstown sectors year-round rather than seasonally during the ski season. [START QF CONFIDENTIAL ██████████

██████████] END QF CONFIDENTIAL]

- 7.19 Looking ahead, the alliance will give customers more options to continue to travel on either airline (or on a combination of both) to or from a vast range of destinations across a combined Qantas and Emirates network through multiple hubs and extensive connections, while still experiencing benefits such as improved connectivity and enhanced reciprocal frequent flyer and lounge benefits, which again are only made possible through the Proposed Conduct.
- 7.20 For example, through the Proposed Conduct, Qantas and Emirates can offer customers increased schedule choice to the UK and Europe. For example, this includes different journey options to London from the largest cities in New Zealand, including:
- (a) a one-stop option with Emirates from Auckland via Dubai;
  - (b) a two-stop option with Emirates from Christchurch via Sydney and Dubai;
  - (c) a two-stop option from Christchurch through Sydney (on either Qantas or Emirates) and then through Singapore or Perth (on Qantas);
  - (d) various two-stop options from Auckland via various Australian cities (on Qantas) and then through Singapore or Perth (on Qantas) or Dubai (on Emirates);
  - (e) various two-stop options from Wellington/Queenstown via Australian cities (on Qantas) and then through Singapore or Perth (on Qantas) or Dubai (on Emirates); and
  - (f) [START QF CONFIDENTIAL ██████████ END QF CONFIDENTIAL]
- 7.21 Similarly, the alliance offers choice to New Zealand customers wanting to travel to Singapore and onto Asia – with customers having various one stop options on Qantas from Auckland/Wellington/Queenstown/Christchurch to Melbourne, and then onto Singapore on either Qantas or Emirates (once Emirates resumes its Melbourne-Singapore service in 2023), with increased spread of schedule choice between Melbourne and Singapore.
- 7.22 The number of customers transiting from Emirates to Qantas (and vice versa) on itineraries starting or ending in New Zealand demonstrates the value of the alliance to customers travelling to / from New Zealand (including visitors to New Zealand). In CY2019:
- (a) [START QF CONFIDENTIAL ██████████ END QF CONFIDENTIAL] passengers connected (transit and stopover) between Emirates flights to Australia (from Dubai, Singapore and Thailand) and Qantas flights to New Zealand (and vice versa);
  - (b) [START EK CONFIDENTIAL ██████████ END EK CONFIDENTIAL] connected (including transit but excluding stopover) between Emirates flights to Australia and New Zealand (from Dubai) to New Zealand destinations on Jetstar services (and vice versa); and
  - (c) [START QF CONFIDENTIAL ██████████ END QF CONFIDENTIAL] passengers connected (transit and stopover) between Emirates flights to New Zealand (from Dubai) and Qantas flights to Australia (and vice versa).

#### Reciprocal frequent flyer benefits

- 7.23 Since 2013, significantly expanded reciprocal frequent flyer benefits have been delivered to millions of QFF and Emirates Skywards members as a result of the Proposed Conduct.
- 7.24 In authorising the Proposed Conduct in 2013 and 2018, the ACCC considered that public benefits would likely arise given the range of benefits likely to accrue to the large number of frequent flyer members of both carriers.<sup>71</sup> This has occurred, and will continue to occur if the Proposed Conduct is reauthorised.

<sup>71</sup>ACCC Final Determination (2013), [254].; ACCC Final Determination (2018), [112].

- 7.25 QFF and Emirates Skywards members receive reciprocal benefits including (depending on membership tier) access to airport lounges, aligned additional baggage allowances, priority check-in, priority boarding and fast tracked immigration processing (where available). Seat selection and on-board WiFi have also been offered to all customers, with members of both frequent flyer programs receiving preferential access, based on their respective frequent flyer tiers. Since the 2017 application, additional seating benefits (such as preferred and twin seating) have been made available on Emirates and Qantas flights to QFF and Emirates Skywards members depending on their tier of membership on an equivalent basis.
- 7.26 Eligible QFF members, as well as Qantas passengers travelling in premium cabins on Emirates flights, are able to access Emirates' First Class and Business Class Lounges in Concourse A in Dubai Terminal 3 (featuring a separate dining area, showers, and lounge area), as well as Emirates lounges in Australia, the UK/Europe and the MENA Region. This includes a large number of locations where Qantas has no lounge. Similarly, eligible Emirates Skywards members, as well as Emirates passengers in premium cabins on Qantas flights, are able to access Qantas' lounges, including in a number of locations where Emirates has no lounge, such as Wellington.
- 7.27 Figure 4 below shows the benefits of reciprocal lounge access as at 1 September 2022.

**Figure 4: Lounge Access For Eligible\* Qantas and Emirates Passengers**

| <b>Qantas Lounges Available to Emirates Passengers In Locations Where Emirates Has No Lounge</b> | <b>Emirates Lounges Available to Qantas Passengers In Locations Where Qantas Has No Lounge</b> |
|--|--|
| Adelaide   | Bangkok  |
| Alice Springs  | Birmingham   |
| Brisbane (domestic)  | Colombo  |
| Broome   | Düsseldorf   |
| Cairns   | Frankfurt  |
| Canberra   | Glasgow  |
| Coffs Harbour  | Hamburg  |
| Darwin   | Istanbul   |
| Devonport  | London Gatwick   |
| Emerald  | Manchester   |
| Gladstone  | Milan  |
| Gold Coast   | Munich   |
| Hobart   | New York   |
| Honolulu   | Paris Charles de Gaulle  |
| Kalgoorlie   | Rome   |
| Karratha   | San Francisco  |
| Launceston   | Zürich   |
| Mackay   |  |
| Melbourne (domestic)   |  |
| Perth (domestic)   |  |
| Port Hedland   |  |
| Rockhampton  |  |
| Sydney (domestic)  |  |
| Tamworth   |  |
| Townsville   |  |
| Wellington   |  |



\*Access depends on membership tier

- 7.28 In airports where both Qantas and Emirates have lounges (for example, Auckland and Singapore) eligible frequent flyers have the choice of either lounge. In addition, Qantas' arrangements with third party lounges in Christchurch and Queenstown allow both eligible Emirates Skywards and QFF members access to these lounges.
- 7.29 The number of lounges available to customers through the alliance continues to expand. Since the 2017 application, Emirates opened a new lounge in Rome<sup>72</sup> while Qantas has opened or undertaken major upgrades of a number of lounges, including its international transit lounge in Perth<sup>73</sup>, international lounges in Singapore<sup>74</sup> and London<sup>75</sup>, and the domestic lounge in Melbourne<sup>76</sup>. In August 2022, Qantas also announced new/upgraded lounges in Auckland, Adelaide, Rockhampton and Port Hedland<sup>77</sup>, further enhancing Qantas' network of lounges.<sup>78</sup> Emirates is in the process of refurbishing and updating its Brisbane, Dusseldorf, Frankfurt, Hamburg, Johannesburg, Manchester, Munich and Zurich lounges, alongside the addition of six lounges in Europe and the Far East. Emirates is also in the process of finalising negotiations regarding five new lounges in Europe, the Middle East and Subcontinent.
- 7.30 These are world-class, premium lounge facilities, with innovative features. For example, the Qantas international lounge in Perth (opened in 2018) offers a range of unique features including 'light therapy' in the shower suites to help adjust the body clock, a wellbeing studio with stretching classes and a refresh area providing hydrating face products.
- 7.31 One of the most significant public benefits of the Proposed Conduct is the ability for members of each carrier's frequent flyer program to earn and redeem frequent flyer points on the other carriers' network. The Ministry previously recognised that there are benefits for consumers in having the option to earn and redeem points across respective networks, and by aligning membership benefits.<sup>79</sup>
- 7.32 Figure 5 below demonstrates the increase in redemptions by QFF members on Emirates operated flights per year since the launch of the alliance in 2013 until FY2021/2022. Prior to the pandemic, during financial year 2018/2019, more than 118,000 passenger segments were redeemed and travelled on Emirates operated aircraft (up from some 61,000 in financial year 2013/2014 when the alliance commenced). The growth in these redemptions over time is shown below in Figure 5. Further, in the 2018/2019 financial year, more than 60% of redemptions were for travel in premium cabins, up from 55% in 2017/2018 financial year. While the impact of the pandemic can be seen in financial year 2019/2020 through to financial year 2021/2022 in Figure 5 below, the figures demonstrate the substantial benefit consumers receive from the alliance between Qantas and Emirates and would be expected to resume on a similar scale once capacity rebuilds and consumer demand recovers.

<sup>72</sup> 'Emirates opens new lounge at Rome's International Airport', Emirates (Media Centre, 20 December 2018). Available here: <https://www.emirates.com/media-centre/emirates-opens-new-lounge-at-romes-international-airport/>.

<sup>73</sup> 'Stretching classes, jetlag-reducing lights and an outdoor terrace: the new Qantas Perth lounge', Qantas News Room, (Press Release 23 March 2018). Available here: <https://www.qantasnewsroom.com.au/media-releases/stretching-classes-jetlag-reducing-lights-and-an-outdoor-terrace-the-new-qantas-perth-lounge/>.

<sup>74</sup> 'Qantas opens doors to brand new luxury first lounge in Singapore', Qantas News Room (Press Release, 2 December 2019). Available here: <https://www.qantasnewsroom.com.au/media-releases/qantas-opens-doors-to-brand-new-luxury-first-lounge-in-singapore/>.

<sup>75</sup> 'Qantas opens new London Heathrow lounge', Qantas News Room (Press Release, 29 November 2017). Available here: <https://www.qantasnewsroom.com.au/media-releases/qantas-opens-new-london-heathrow-lounge/>.

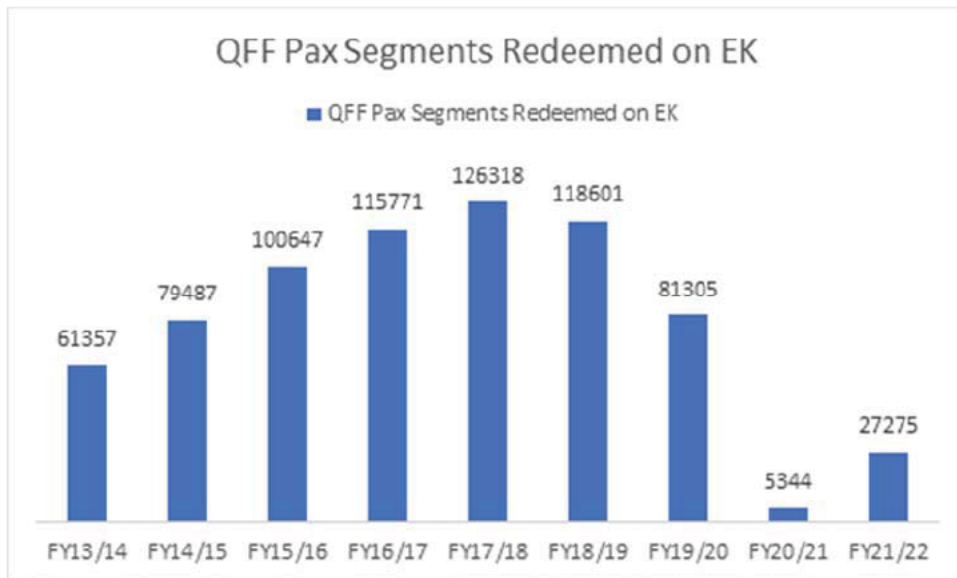
<sup>76</sup> 'Qantas completes major domestic lounge upgrade in Melbourne', Qantas News Room (Press Release, 1 November 2018). Available here: <https://www.qantasnewsroom.com.au/media-releases/qantas-completes-major-domestic-lounge-upgrade-in-melbourne/>.

<sup>77</sup> 'Qantas announces direct Auckland-New York flights and upgrade to lounges', Qantas News Room, (Press Release, 25 August 2022). Available here: <https://www.qantasnewsroom.com.au/media-releases/qantas-announces-direct-auckland-new-york-flights-and-upgrade-to-lounges/>.

<sup>78</sup> In total, Qantas has 35 domestic lounges as well as 16 lounges at International airports across Australia and around the world.

<sup>79</sup> 2018 Final Report, [146].

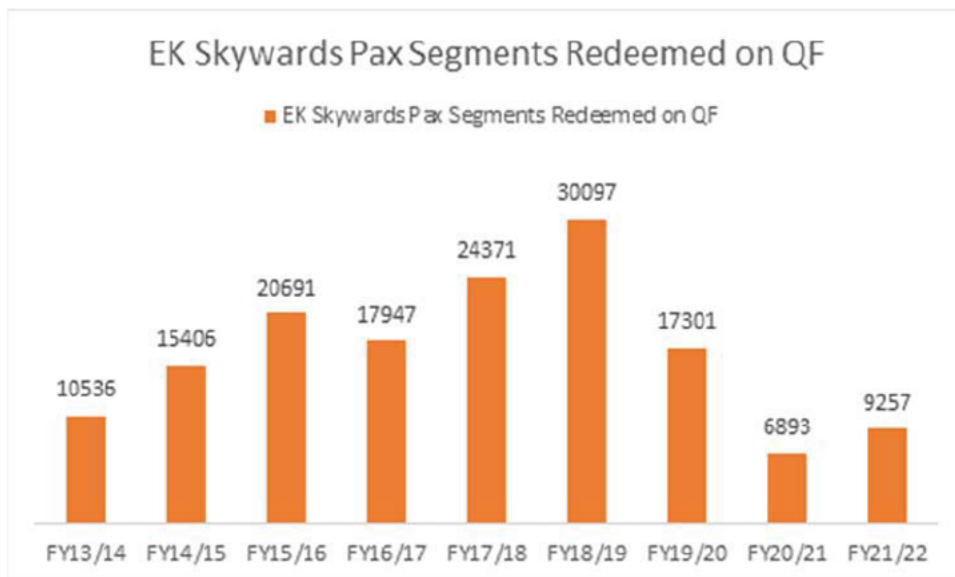
**Figure 5: QFF Passenger Segments Redeemed on Emirates Operated Flights<sup>80</sup>**



Source: Internal Qantas and Emirates reporting based on passengers travelled FY 2013/2014-FY2021/2022 (year ended 31 March)

7.33 Figure 6 below also demonstrates the increase in redemptions by Skywards members on Qantas operated flights per year since the launch of the alliance in April 2013 until March 2022. Prior to the pandemic, during financial years 2018/2019, more than 30,000 passenger segments were redeemed and travelled on Qantas operated aircraft (up from some 10,000 in financial year 2013/2014). As above, while the impact of the pandemic can be seen in financial year 2019/2020 through to financial year 2021/2022, the substantial benefit consumers receive from the alliance between Qantas and Emirates is expected to resume on a similar scale once capacity rebuilds and consumer demand recovers.

**Figure 6: Skywards Passenger Segments Redeemed on Qantas Operated Flights<sup>81</sup>**



Source: Internal Qantas and Emirates Reporting based on passengers travelled FY2013/2014-FY 2021/2022 (year ended 31 March)

7.34 The benefits of the alliance for QFF and Skywards members are also demonstrated by the proportion of redemption activities and frequent flyer points accruals on flights of the other carrier. For example, in Emirates' financial year 2018/2019 **START EK CONFIDENTIAL**

<sup>80</sup> Based on passenger segments flown in each financial year.

<sup>81</sup> Based on passenger segments flown in each financial year.

[REDACTED] END EK CONFIDENTIAL]

7.35 [START QF CONFIDENTIAL [REDACTED] END QF CONFIDENTIAL]

7.36 In relation to New Zealand services, [START EK CONFIDENTIAL [REDACTED] END EK CONFIDENTIAL]

(a) [REDACTED]

(b) [REDACTED] END EK CONFIDENTIAL]

*Pandemic support and future benefits for frequent flyer members*

7.37 During the pandemic, due to strict lockdown conditions and restrictions on national and international travel to Australia, accrual and redemption of loyalty program benefits by QFF and Skywards Rewards members was significantly impacted. Due to the alliance between Qantas and Emirates, while Qantas was not operating internationally, members of the QFF program were able to accrue and redeem points on Emirates operated flights. Between April 2020 and March 2022 (being Emirates financial years 2020/2021 and 2021/2022), in terms of passenger segments redeemed, 33,000 were flown and 69,000 were booked by QFF members on Emirates operated flights.

7.38 Going forward, the substantial demonstrated frequent flyer benefits that have been generated by the alliance will continue and be further enhanced due to the ability for members of both QFF and Skywards programs (including members in New Zealand) being able to earn and redeem on an increased number of destinations and multi-hub options for travel, in particular between Australia and the UK/Europe,<sup>82</sup> given the expanding scope of the combined network.

7.39 These frequent flyer benefits are meaningful for a significant portion of the New Zealand public. There are currently around [START QF CONFIDENTIAL [REDACTED] END QF CONFIDENTIAL] members of the QFF program who are based in New Zealand,<sup>83</sup> constituting nearly [START QF CONFIDENTIAL [REDACTED] END QF CONFIDENTIAL] of the New Zealand population, with a growing base.<sup>84</sup> There are approximately [START EK CONFIDENTIAL [REDACTED] END EK CONFIDENTIAL] members of the Skywards program who are resident or based in New Zealand, which represents over [START EK CONFIDENTIAL [REDACTED] END EK CONFIDENTIAL] of the New Zealand population.

7.40 Additionally, through the alliance, Qantas and Emirates are exploring additional initiatives for the joint loyalty programs which would benefit customers (including New Zealand customers), including:

[START QF / EK CONFIDENTIAL

[REDACTED]

<sup>82</sup> Due to aeropolitical restrictions, Emirates is not able to codeshare on Qantas' services from Perth to London or Singapore to London. Skywards members are able to redeem points but unable to earn frequent flyer points on these Qantas services.

<sup>83</sup> As at 18 October 2022.

<sup>84</sup> Based on internal Qantas estimates.

[REDACTED]

**END QF / EK CONFIDENTIAL]**

- 7.41 As set out above, in the absence of the Proposed Conduct, there would be no or significantly reduced ability for members of each carriers’ respective frequent flyer programs to earn and redeem their points on the other carrier. In the absence of the alliance, earning and redemption rules would be geared to incentivise members to travel only on the host program code as much as possible. By contrast, under the extended Restated MCA, there will be an incentive to open up access to host program members to the other carrier’s network at an equal level.

World-class customer service, experiences and product/service innovation

- 7.42 The Proposed Conduct has a proven track record of providing enhanced customer service, experiences and product/service innovation.
- 7.43 For example, the Proposed Conduct gives Qantas passengers the ability to experience Emirates’ world-class customer service, while still earning QFF points, and vice versa. It similarly ensures that customers benefit from consistency of carrier requirements – for example, to ensure a seamless journey for customers transferring between Qantas and Emirates flights, the carriers both continue to use a weight system for checked baggage on international flights.<sup>85</sup>
- 7.44 Since the Proposed Conduct was authorised, Qantas and Emirates have also been incentivised, as a result of the alliance, to work together and share knowledge to improve in-cabin product and experiences. For example, Qantas shared with Emirates details of its specialised premium cabin menu which features meals prepared and inspired by world renowned Australian chef Neil Perry. Learnings in relation to meal preparation were able to be used by Emirates. Similarly, Qantas was inspired to offer a special mezze plate to its customers on flights to Dubai and London as a result of collaborating with Emirates on appropriate menu choices.
- 7.45 Through the alliance, Qantas and Emirates teams collect and share such customer insights to ensure that both carriers’ passengers are provided with premium customer service. For example, Qantas and Emirates implemented improved handling processes that apply when there is a disruption to a flight schedule. As a result of the alliance, Qantas and Emirates are committed to working together to minimise passenger inconvenience by enabling re-booking of disrupted passengers onto alternative flights offered by the other carrier. This maximises the ability of both carriers to help passengers with alternative routings in order to avoid missed connections and delays.
- 7.46 The alliance enables Qantas and Emirates to identify opportunities for improvements in customer service. For example, in June 2022 Emirates commenced roll out of a Premium Economy product and in August 2022 launched the product on its Dubai- Sydney route<sup>86</sup> and on its Dubai-London/Paris routes. Over the coming months, Emirates will also offer its best in class Premium Economy seats on its Dubai-Auckland services, as well as Dubai-Sydney services, Dubai-Melbourne, and more Dubai-London services. **[START EK CONFIDENTIAL]** [REDACTED]

**END EK CONFIDENTIAL]**

- 7.47 Without the Proposed Conduct, there would be no incentive for the two carriers to work together on customer innovations and product initiatives which greatly benefit the customer.

Supporting Qantas' international offering

- 7.48 As set out earlier, the Proposed Conduct is an integral part of Qantas’ international strategy. The relationship with Emirates has assisted, and will continue to assist, in supporting Qantas’ international business, in a global market in which Qantas remains disadvantaged as an end-of-line carrier relative to full service carriers based at mid-point hubs such as Singapore, Hong Kong, the Middle East or China.


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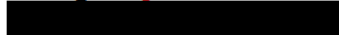
<sup>85</sup> Excluding flights to/from the Americas.

<sup>86</sup> James Booth, ‘Emirates’ Lavish New Premium Economy Arrives Down Under’, DMARGE, (Article, 2 August 2022). Available here: <https://www.dmarqe.com/emirates-premium-economy-sydney>.

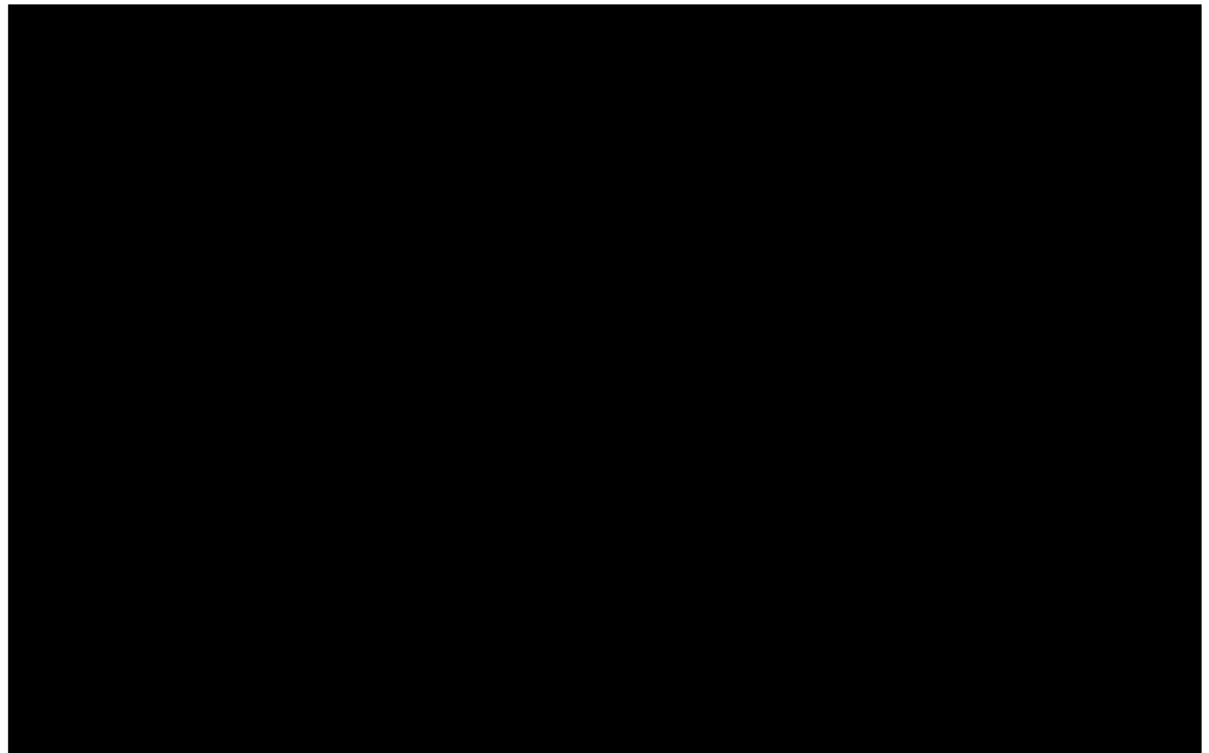
- 7.49 A strong and efficient Qantas is in the long term regional interest. While other mid-point carriers generally expand services which ultimately deliver the majority of wider economic benefits to their home ports, a locally-based network carrier has the incentive to provide long term, comprehensive and sustained network coverage to Australian and New Zealand travellers and to promote Australia and New Zealand as a tourist and business destination.
- 7.50 As the Ministry stated in 2013, 'a competitive aviation market in Australasia benefits when Air New Zealand and Qantas are both operating in a financially sustainable manner in conjunction with a range of alliance partners to extend their geographic range and deepen the pool of passengers they have access to' and 'the alliance is an important part of Qantas' strategy for ensuring the airline's viability and that this is beneficial to New Zealand as well as Australia.
- 7.51 Qantas provides important business, leisure and trade links between New Zealand and Australia. Qantas also generates direct benefits for the New Zealand economy through local employment, procurement and its support for the domestic tourism industry as it recovers post-pandemic.
- 7.52 Through enabling Qantas to offer improved connectivity, combinability and schedule choice over an expanded combined global network, the Proposed Conduct supports Qantas' international offering and the overall attractiveness of its network to customers, thereby enhancing Qantas' ability to compete relative to a counterfactual without the Proposed Conduct.

Increased tourism, promotion of international trade and business

- 7.53 The Proposed Conduct has, and will continue to, increase tourism and promote international trade and business with respect to New Zealand and particularly between trans Tasman. The Ministry recognised this benefit in 2018 and 2013, noting that the alliance "*was likely to support trade and tourism in New Zealand.*"<sup>87</sup>
- 7.54 Prior to the pandemic, Emirates had increased its capacity to/from Auckland, carrying significantly larger number of passengers. As shown in Confidential Figure 7 below, Emirates carried an average of **[START EK CONFIDENTIAL** 







<sup>87</sup> 2018 Final Report, [159]. Final report: Qantas-Emirates Master Coordination Agreement: Application for Authorisation (2 April 2013), [88]. Available here: <https://www.transport.govt.nz/assets/Uploads/Report/Qantas-Emirates-master-coordination-agreement-application-for-authorisation-1.pdf>

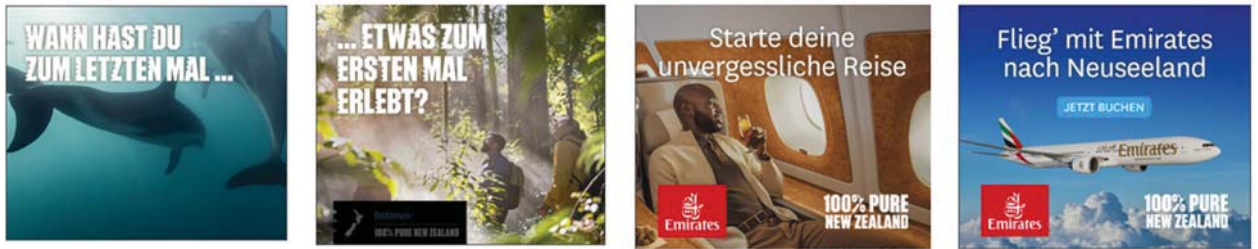
<sup>88</sup> Note Emirates launched a Dubai-Denpasar-Auckland flight in June 2018.

Source: Emirates' internal data.

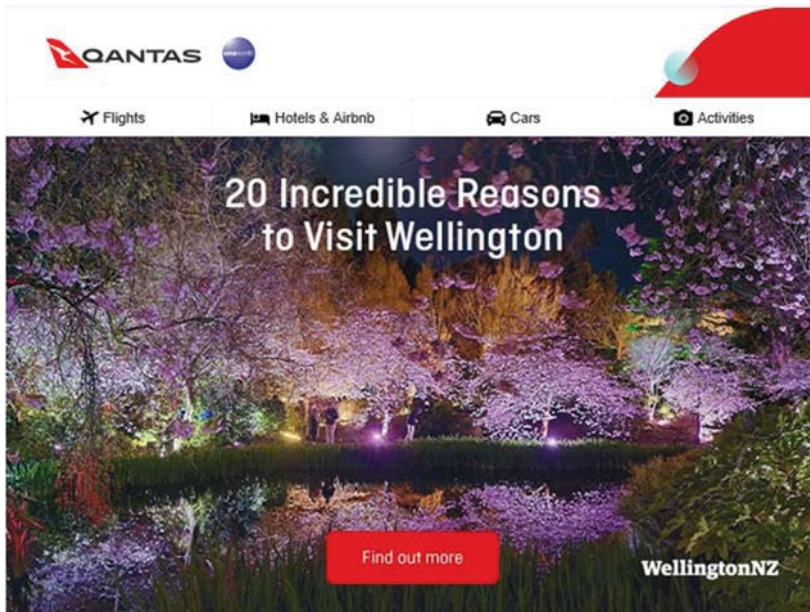


- 7.55 Through the Proposed Conduct, Emirates' worldwide sales force has continued to have better access to sell journeys to and within New Zealand, particularly by being able to offer more seamless travel to other New Zealand locations cities served by Qantas and Jetstar (including through Jetstar's domestic New Zealand services).
- 7.56 Since 2013, Emirates has promoted travel to New Zealand, particularly in the MENA Region where Qantas has limited reach, to keep New Zealand as a front of mind destination. For example, its most recent Tourism New Zealand campaign ran in August 2022 in the United Kingdom and Germany (shown below).

This block contains three screenshots of Emirates' marketing materials. The top screenshot is a social media post from August 22, 2022, featuring a promotional banner for a nonstop flight to Auckland from Dubai. The banner includes the Emirates logo, flight details (EK 335 157 016), and a 'Book now' button. Below the banner are sections for 'Summer in New Zealand' and 'Discover the World' with 'GetfourGuide' and 'Special Cash+Miles rates'. The middle screenshot is a desktop view of the Emirates website homepage, showing a large hero banner with the text 'New adventures await in NEW ZEALAND' and a 'Book now' button. The bottom screenshot is a mobile view of the website, showing a banner for 'Fly nonstop to Auckland from Dubai' with a 'Book now' button and a 'Route Relaunch' section for the same flight.



7.57 Qantas carries out regular marketing and promotional activities which promote travel to New Zealand. For example, its Tasman Classic Rewards Sale, its Travel Insider feature articles<sup>89</sup>, and recent partnership with Tourism Wellington providing content for the Qantas Magazine and Travel Insider (shown below).



<sup>89</sup> Available here: <https://www.qantas.com/travelinsider/en/explore/south-pacific/new-zealand.html>



Stay

### We've Found New Zealand's Most Unique Stays

Book into a luxe city escape or take in the views from a glass-walled eco-cabin.



See & Do

### 5 Magic Movie Moments You Can Only Have in NZ

Walk in Frodo's footsteps and get up close with the characters from *Avatar*.



Short Breaks

### The Hottest Wine Weekend Is One Hour From The City

World-famous pinot noir and a hot tub under the stars are calling your name.



Eat & Drink

### 20 Epic Eats That Make This the Coolest New Food Capital

This city's got more restaurants per capita than New York.



Experiences

### Kapiti Island: The Off-Grid Adventure You Need Right Now

Be transported to a prehistoric wonderland on this under-the-radar isle.

Flight Deals

Find great deals to Wellington

Book now

Qantas Hotels

Use 30% less points with Qantas Hotels\*

Book now

Qantas Insurance

Travel insurance for adventures big and small

Find out more





Trending

**"You Have No Idea What You're Going to Eat Here"**

Revealed: 5 surprising secrets that only the locals know



See & Do

**How to Spend 48 Hours in Wellington**

Dine in an old bank, zip above the city and stay in the quirkiest hotel



Wellington

**Which Buzzy Neighbourhood is Best for You?**

Wake up to quirky cafes, high-end boutiques and award-winning restaurants.



With Kids

**Here's Where to Find the Ultimate Kids' Holiday Right Now**

Discover dinosaurs, fly through the treetops and spot the elusive kiwi.



Adventure

**This is the Coastal Getaway You've Been Waiting For**

Walk the "Stairway to Heaven" and dive through a naval shipwreck.

7.58 Through such increased network access, the number of passengers travelling on the Qantas/Emirates alliance globally has markedly increased by 56% from 1.1 million in 2013<sup>90</sup> to 1.7 million in 2019, boosting tourism and trade including to New Zealand. **[START EK CONFIDENTIAL** [REDACTED] **END EK CONFIDENTIAL]** providing an economic boost (including in terms of tourism and trade) to New Zealand's regional areas.

7.59 The ACCC previously accepted that the alliance also had the potential to result in some trade related public benefits by making it easier for foreign businesses to access New Zealand and make it easier for New Zealand exporters/importers to access destinations in the MENA Region and in the UK/Europe that are not directly served by Qantas, thereby improving access to customers/suppliers in those locations.<sup>91</sup> This will continue to be the case going forward.

7.60 The Proposed Conduct facilitates other trade benefits. For example, through the alliance, freight teams at Qantas and Emirates have been able to collaborate on sales and marketing to deliver more effective carriage of freight into/from New Zealand. Going forward, the Proposed Conduct will continue to enable New Zealand exporters to readily access the Applicants' combined network and significantly increase international trade opportunities for New Zealand which will be particularly important as part of the economic recovery post-pandemic.

7.61 In the absence of the Proposed Conduct, the incentive for Qantas and Emirates to continue with supporting arrangements for each other's freight customers would be removed, given that each airline would be focused only on maximising its own sales outcomes rather than a broader freight handling proposition.

**8. No Reason for Minister Refusing to Reauthorise the Proposed Conduct**

Overview

8.1 The Applicants submit that, as was the case in 2013 and 2018, the Proposed Conduct meets the test for reauthorisation and the Minister should exercise his discretion to grant reauthorisation section 88(2) of the CAA. Sections 88(3) and (4) of the CAA provide specific reasons for the

<sup>90</sup> 2013 data includes nine months of passenger sales from April 2013.

<sup>91</sup> ACCC Final Determination (2013), [293]. The Ministry similarly recognises benefits to trade in the 2018 Final Report, [159].

Minister to decline to re-authorise, although they are subject to an override in section 88(5) if the Minister believes that to decline reauthorisation would have an undesirable effect on international comity. As discussed in this Application:

- (c) none of the reasons set out in sections 88(3) and (4) apply in respect of the Proposed Conduct; and
- (d) declining reauthorisation would have an undesirable effect on international comity between New Zealand and Australia, Australia and the UAE and New Zealand and the UAE and accordingly, section 88(5) provides a distinct reason for the Minister to exercise his discretion in favour of reauthorising the Proposed Conduct.

No infringement of section 88(3)

8.2 In considering whether to grant reauthorisation under subsection (2) of this section, the Minister must ensure that granting reauthorisation will not prejudice compliance with any relevant international convention, agreement or arrangement to which the Government of New Zealand is a party. The Minister's reauthorisation of the Proposed Conduct will not prejudice New Zealand's compliance with any relevant international conventions, agreements or arrangements. Conventions and agreements which may be relevant include:

- (a) the Air Service Agreement between New Zealand and Australia (as negotiated by the Ministry) dated 8 August 2002 (**NZ-Australia ASA**);
- (b) the Single Aviation Market Arrangements between New Zealand and Australia dated 1 November 1996 (**SAM arrangements**);
- (c) the Air Service Agreement between New Zealand and the UAE (**NZ-UAE ASA**); and
- (d) bilateral agreements between New Zealand and other countries.

8.3 The NZ-Australia ASA expressly contemplates authorisations of the type sought in this application and therefore any reauthorisation cannot be said to prejudice compliance with that agreement. Specifically, Article 14 provides that:

*The competition laws of each Party, as amended from time to time, shall apply to the operation of the airlines of both Applicants. Where permitted under those laws, a Party or its competition authority may, however, unilaterally exempt commercial agreements between airlines (including block-space, code share and other joint service agreements) from the application of its domestic competition law.*

8.4 The SAM arrangements reflect a desire on the part of the Australian and New Zealand Governments to achieve an efficient, integrated Australasian aviation market. The Proposed Conduct will generate substantial benefits for consumers and will deliver economic efficiencies to the benefit of the airlines themselves and New Zealand and Australia. This will deliver a better value proposition for consumers in both countries and be mutually beneficial to each country's economy.

8.5 Clause 15 (1) of the SAM arrangements provides:

*All aviation activities (including terminal access) under these arrangements will take place in a manner consistent with competition law as it applies in the relevant jurisdiction.*

8.6 Therefore, reauthorisation of the Proposed Conduct which is consistent with the CAA regime (and therefore the Commerce Act 1986) and the Australian *Competition and Consumer Act 2010* (Cth) will not prejudice compliance with the SAM arrangements. Additionally, nothing in the Proposed Conduct will prejudice compliance with the NZ-UAE ASA or the Australia-UAE arrangements or any bilateral agreements between New Zealand and other countries.

No infringement of section 88(4)

8.7 The Minister cannot decline to re-authorise the Proposed Conduct under section 88(4) as the Proposed Conduct includes no provision that would infringe section 88(4)(a)-(f):

8.8 **No Infringement of Section 88(4)(a)** Authorisation shall not be given under this section to any provision of any contract, arrangement, or understanding that provides that any party to it may directly or indirectly enforce it through any form of action by way of fines or market pressures against any person, whether or not that person is a party to the contract, arrangement, or

- understanding. The Proposed Conduct makes no provision for either Applicant to directly or indirectly enforce the Restated MCA through any form of action by way of fines or market pressures against any person.
- 8.9 **No Infringement of Section 88(4)(b)** Authorisation shall not be given under this section to any provision of any contract, arrangement or understanding that has the purpose or effect of breaching the terms of a commission regime issued under section 89 of the CAA. The Applicants understand the only commission regimes issued by the Minister which are currently in force under section 89 of the CAA are the Civil Aviation (Passenger Agents' Commission Regime) Notice 1983 and the Civil Aviation (Cargo Agents' Commission Regime) Notice 1983. The Proposed Conduct does not have the purpose or effect of breaching the terms of either of these commission regimes.
- 8.10 **No Infringement of Section 88(4)(c)** Authorisation shall not be given under this section to any provision of any contract, arrangement or understanding that unjustifiably discriminates between consumers of international air services in the access they have to competitive tariffs. The Proposed Conduct does not contain any provision which discriminates between consumers in the access they have to tariffs. In fact, the Proposed Conduct will improve outcomes for consumers of international air services as it will provide for preferential availability ensuring more availability for discounted fares across a broader travel period. Currently, consumers have wide access to competitive fares from Air New Zealand and other competitors. Each of the Applicants sets fares having regard to existing and potential competition from other carriers on all routes on which they operate – i.e., they set 'competitive fares' and make those fares widely available.
- 8.11 The Applicants will continue to face competitive pressure from other competitors and will continue to offer competitive fares. The Applicants will have no greater ability (or incentive) to discriminate between consumers in the access those consumers have to competitive tariffs. To the contrary, consumers are more likely to have greater access under the Proposed Conduct because:
- (a) the Applicants will continue to set fares having regard to existing and potential competition from other carriers on all routes on which they operate – i.e., they will continue to set 'competitive fares';
  - (b) the Applicants will continue to make those fares widely available – their distribution strategy will be determined having regard to existing and potential competition and the costs and benefits of various distribution channels. Indeed, rather than restricting access, the Proposed Conduct will enhance the availability of fares for travel on the Tasman as the Applicants will coordinate their marketing and sales activities; and
  - (c) a larger inventory of seats in the lower booking classes will be made available under the Proposed Conduct. Accordingly, neither the Proposed Conduct viewed as a whole nor any provision of the Restated MCA will undermine consumers' wide access to competitive fares either from the Applicants or their competitors on any relevant routes. Indeed, the opposite is the case.
- 8.12 **No Infringement of Section 88(4)(d)** Authorisation shall not be given under this section to any provision of any contract, arrangement or understanding that so far as it relates to tariffs, has the effect of excluding any supplier of international carriage by air from participating in the market to which it relates. Section 88(4)(d) sets a high threshold – it requires that the provision has the effect of excluding a supplier from participating in the market. The Proposed Conduct has no impact on the ability of any supplier of international carriage by air from participating in the provision of services on any relevant routes. The continued entry and expansion of carriers on routes to, from and within Australasia indicates that tariffs are not today, and have not been in the past, set in a way so as to exclude any airline from operating on those routes. The tariff provisions which will operate as a result of the Proposed Conduct will not have the effect of excluding any airline from operating on the Tasman (or any other route) because:
- (a) the Applicants will continue to set tariffs having regard to existing and potential competition from other carriers on all routes on which they operate. Authorisation will not have any flow-on impact in terms of ASAs or other regulatory conditions that would impact another airline's access to the Tasman (or any other routes); and
  - (b) given the low barriers to entry and expansion on the Tasman and the existence of strong international competitors such as Air New Zealand, the Applicants will have no incentive to

set tariffs so as to exclude any person from providing international air services on any of the Tasman routes (or any other routes).

8.13 **No Infringement of Section 88(4)(e)** Authorisation shall not be given under this section to any provision of any contract, arrangement, or understanding that has the purpose or effect of preventing any party from seeking approval, in terms of section 90 of the CAA, for the purpose of selling international carriage by air at any other tariff so approved. The NZ-Australia ASA removes any requirement that tariffs be filed with the aeronautical authorities of either Australia or New Zealand. Under the NZ-UAE ASA tariff filing is not mandatory but may be required. In any event, the Proposed Conduct does not prevent any party from seeking the Minister's approval of any tariff under section 90 of the CAA.

8.14 **No Infringement of Section 88(4)(f)** Authorisation shall not be given under this section to any provision of any contract, arrangement or understanding that prevents any party from withdrawing without penalty on reasonable notice from the contract, arrangement, or understanding. **[START QF/EK CONFIDENTIAL**

**END QF/EK CONFIDENTIAL]**

As discussed further below, this reflects the significant long-term investments required for global implementation of the Proposed Conduct. The Restated MCA can be terminated by either party in specific circumstances. Given the significant investments involved in implementing the Proposed Conduct, this is not an unreasonable period for an agreement of this nature.

#### International Comity

8.15 If the Minister considers, contrary to the Applicants' view, that the Proposed Conduct does not comply with any of section 88(4)(a)-(f) of the CAA, he can nevertheless re-authorise the Proposed Conduct under section 88(5) if declining reauthorisation would have an undesirable effect on international comity between New Zealand and another state.

8.16 Declining reauthorisation would have an undesirable effect on international comity between New Zealand and Australia and between New Zealand and the UAE. Accordingly, international comity provides a distinct reason for the Minister to exercise his discretion in favour of re-authorising the Proposed Conduct.

8.17 As discussed above, arrangements between carriers are consistent with the SAM arrangements and the New Zealand/Australia ASA. The Applicants have applied to the ACCC for reauthorisation of the Proposed Conduct and believe reauthorisation should be granted in that jurisdiction on the basis that the Proposed Conduct creates net public benefits for Australian consumers. In those circumstances, declining reauthorisation for the Proposed Conduct would prevent Australia from realising these net public benefits from an arrangement that is expressly contemplated in the New Zealand/Australia ASA.

### **9. Term of Authorisation**

9.1 The Applicants seek authorisation for the Proposed Conduct until at least 31 March 2028. This time frame is appropriate in circumstances where identified detriments have been, and will remain, very limited and public benefits remain clear and compelling.

### **10. Conclusion**

10.1 The Proposed Conduct clearly meets the test for authorisation in circumstances where:

- (a) it will allow two highly complementary networks and business models to deliver significant public benefits including multi-hub journey options and schedule choice over an expanded network, reciprocal benefits for the millions of members of both carriers' frequent flyer programs, sustainable operation of Qantas' international network, capacity expansion by Emirates, world-class customer experiences and product innovation, pro-competitive responses from rivals, increased tourism and promotion of international trade and business;
- (b) Qantas and Emirates will continue to be disciplined by a number of fierce competitors providing strong and effective constraints on highly competitive routes, as well as the prospect of new entry; and
- (c) the counterfactual future would be highly detrimental to consumers.

- 10.2 Given that no competitive detriment will result from the Proposed Conduct, yet real and substantial public benefits will be delivered relative to the counterfactual, this fundamentally pro-competitive alliance should be authorised for 5 years.

# Annexure A – Related Bodies Corporate Covered By This Application

## Qantas

| Entity  | Country of Incorporation |
|---|--------------------------|
| AAL Aviation Limited                                  | Australia                |
| Airlink Pty Limited                                   | Australia                |
| Australian Air Express Pty Ltd                        | Australia                |
| Australian Airlines Limited                           | Australia                |
| Australian Regional Airlines Pty. Ltd.                | Australia                |
| Eastern Australia Airlines Pty. Limited               | Australia                |
| Express Freighters Australia (Operations) Pty Limited | Australia                |
| Express Freighters Australia Pty Limited              | Australia                |
| H Travel Sdn Bhd                                      | Malaysia                 |
| Hangda Ticket Agent (Shanghai) Co. Ltd                | China                    |
| Holiday Tours & Travel (Korea) Limited                | Korea                    |
| Holiday Tours & Travel (Singapore) Pte. Ltd.          | Singapore                |
| Holiday Tours & Travel Limited                        | Hong Kong                |
| Holiday Tours & Travel Ltd                            | Taiwan                   |
| Holiday Tours & Travel Pte. Ltd.                      | Singapore                |
| HTT Travel Vietnam Limited Liability Company          | Vietnam                  |
| Impulse Airlines Holdings Proprietary Limited         | Australia                |
| Jetabout Japan, Inc.                                  | Japan                    |
| Jetconnect Limited                                    | New Zealand              |
| Jetstar Airways Limited                               | New Zealand              |
| Jetstar Airways Pty Limited                           | Australia                |
| Jetstar Asia Airways Pte Limited                      | Singapore                |
| Jetstar Asia Holdings Pty Limited                     | Australia                |
| Jetstar Group Pty Limited                             | Australia                |
| Jetstar Holidays Co. Ltd.                             | Japan                    |
| Jetstar International Group Australia Pty Limited     | Australia                |
| Jetstar International Group Japan Co., Ltd            | Japan                    |
| Jetstar NZ Regional Limited                           | New Zealand              |
| Jetstar Regional Services Pte. Ltd.                   | Singapore                |
| Jetstar Services Pty Limited                          | Australia                |
| National Jet Operations Services Pty Ltd              | Australia                |
| National Jet Systems Pty Ltd                          | Australia                |
| Network Aviation Holdings Pty Ltd                     | Australia                |
| Network Aviation Pty Ltd                              | Australia                |
| Network Holding Investments Pty Ltd                   | Australia                |
| Network Turbine Solutions Pty Ltd                     | Australia                |
| Osnet Jets Pty Ltd                                    | Australia                |
| Phone A Flight Pty Ltd                                | Australia                |
| Q H Tours Ltd   | Australia                |
| Qantas Airways Domestic Pty Limited                   | Australia                |
| Qantas Asia Investment Company (Singapore) Pte. Ltd.  | Singapore                |
| Qantas Asia Investment Company Pty Ltd                | Australia                |
| Qantas Cabin Crew (UK) Limited                        | United Kingdom           |
| Qantas Courier Limited                                | Australia                |
| Qantas Domestic Pty Limited                           | Australia                |

|  |             |
|--|-------------|
|  |             |
| Qantas Freight Enterprises Limited                   | Australia   |
| Qantas Frequent Flyer Limited                        | Australia   |
| Qantas Frequent Flyer Operations Pty Limited         | Australia   |
| Qantas Ground Services Pty Limited                   | Australia   |
| Qantas Group Accommodation Pty Limited               | Australia   |
| Qantas Group Flight Training (Australia) Pty Limited | Australia   |
| Qantas Group Flight Training Pty Limited             | Australia   |
| Qantas Information Technology Ltd                    | Australia   |
| Qantas Road Express Pty Limited                      | Australia   |
| Qantas Superannuation Limited                        | Australia   |
| Qantas Ventures Pty Ltd                              | Australia   |
| QF A332 Leasing 1 Pty Limited                        | Australia   |
| QF A332 Leasing 2 Pty Limited                        | Australia   |
| QF BOC 2008-1 Pty Limited                            | Australia   |
| QF BOC 2008-2 Pty Limited                            | Australia   |
| QF Cabin Crew Australia Pty Limited                  | Australia   |
| QF Dash 8 Leasing No. 4 Pty Limited                  | Australia   |
| QF Dash 8 Leasing No. 5 Pty Limited                  | Australia   |
| QF Dash 8 Leasing No. 6 Pty Limited                  | Australia   |
| QF ECA 2008-1 Pty Limited                            | Australia   |
| QF ECA 2008-2 Pty Limited                            | Australia   |
| QF ECA A380 2010 No.1 Pty Limited                    | Australia   |
| QF ECA A380 2010 No.2 Pty Limited                    | Australia   |
| QF ECA A380 2010 No.3 Pty Limited                    | Australia   |
| QF ECA A380 2010 No.4 Pty Limited                    | Australia   |
| QF ECA A380 2011 No.1 Pty Limited                    | Australia   |
| QF ECA A380 2011 No.2 Pty Limited                    | Australia   |
| QF EXIM B787 No.1 Pty Limited                        | Australia   |
| QF EXIM B787 No.2 Pty Limited                        | Australia   |
| QH International Co. Limited.                        | Japan       |
| Regional Airlines Charter Pty Limited                | Australia   |
| Southern Cross Insurances Pte Limited                | Singapore   |
| Sunstate Airlines (Qld) Pty. Limited                 | Australia   |
| TAD Holdco Pty Ltd                                   | Australia   |
| Taylor Fry Holdings Pty Limited                      | Australia   |
| Taylor Fry Pty Limited                               | Australia   |
| The Network Holding Trust                            | N/A         |
| The Network Trust                                    | N/A         |
| Trip A Deal Holdings Pty Ltd                         | Australia   |
| Trip A Deal Pty Limited                              | Australia   |
| Trip A Deal (NZ) Ltd                                 | New Zealand |
| Vii Pty Limited                                      | Australia   |

## Emirates

| <b>Entity</b>  | <b>Country of Incorporation</b> |
|--|---------------------------------|
| CAE Middle East Pilot Services LLC                     | UAE                             |
| Community Club Management FZE                          | Jebel Ali Free Zone, UAE        |
| Duty Free Dubai Ports FZE                              | Jebel Ali Free Zone, UAE        |
| ELRA Properties Pty Ltd                                | Australia                       |
| Emirates   | Dubai, UAE                      |
| Emirates Airline Limited                               | England                         |
| Emirates CAE Flight Training LLC                       | Dubai, UAE                      |
| Emirates Canada Limited                                | Canada                          |
| Emirates Engine Overhaul Centre LLC                    | Dubai, UAE                      |
| Emirates Flight Catering Co. (LLC)                     | Dubai, UAE                      |
| Emirates Holidays (U.K.) Limited                       | UK                              |
| Emirates Hotel LLC                                     | Fujairah, UAE                   |
| Emirates Hotels (Australia) Pty Ltd                    | Victoria, Australia             |
| Emirates Land Development Services LLC                 | Dubai, UAE                      |
| Emirates Leisure Retail (Australia) Pty Ltd            | Victoria, Australia             |
| Emirates Leisure Retail (Holding) LLC                  | Dubai, UAE                      |
| Emirates Leisure Retail (Singapore) Pte Ltd            | Singapore                       |
| Emirates Leisure Retail LLC                            | Dubai, UAE                      |
| Harts International LLC                                | Ras Al Khaimah, UAE             |
| Harts International Retailers (M.E.) Ltd               | Ajman Free Zone, UAE            |
| Hudsons Adelaide Airport Pty Ltd                       | Australia                       |
| Hudsons Bendigo Pty Ltd                                | Australia                       |
| Hudsons Hospital Australia Pty Ltd                     | Australia                       |
| Maritime and Mercantile International (Holding) LLC    | Dubai, UAE                      |
| Maritime and Mercantile International FZE              | Jebel Ali Free Zone, UAE        |
| Maritime and Mercantile International LLC              | Dubai, UAE                      |
| Maritime and Mercantile International Maldives Pvt Ltd | Maldives                        |
| MMI International (Singapore) PTE Ltd                  | Singapore                       |
| Prembev International FZE                              | Jebel Ali Free Zone, UAE        |
| Premier Inn Hotels LLC                                 | Dubai, UAE                      |
| Queen OS Trading FZE                                   | Jebel Ali Free Zone, UAE        |
| Seyvine Ltd  | Seychelles                      |
| The High Street LLC                                    | Dubai, UAE                      |



# **Annexure B – Confidential – Restated MCA**

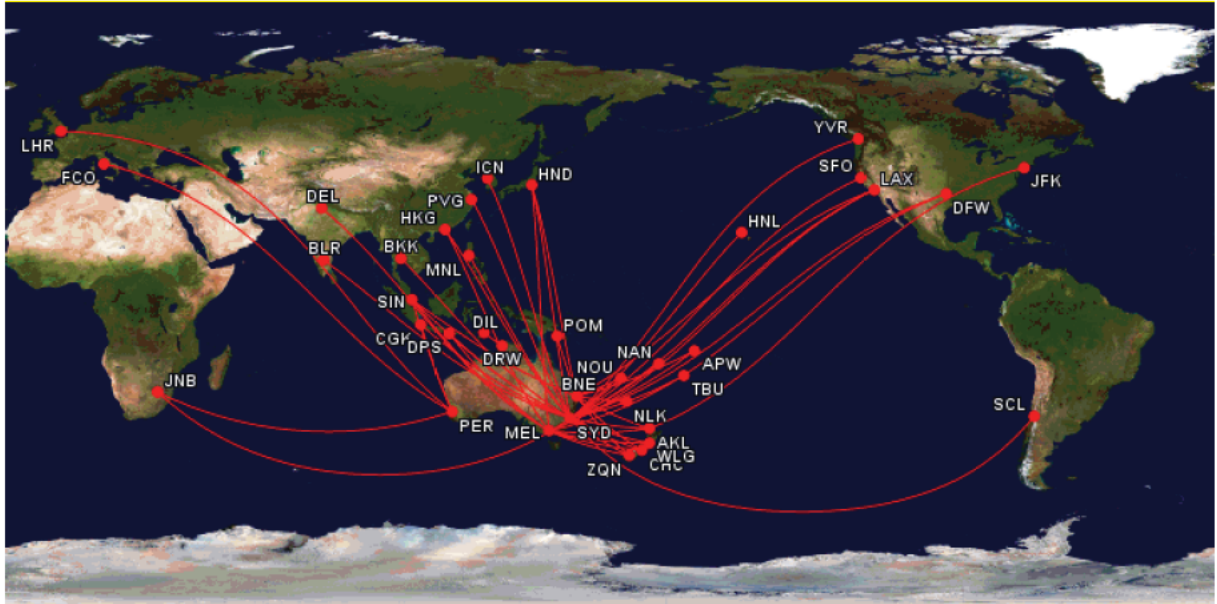
[Attached separately]

# **Annexure C – Confidential - Tariff and Capacity related clauses of the Restated MCA**

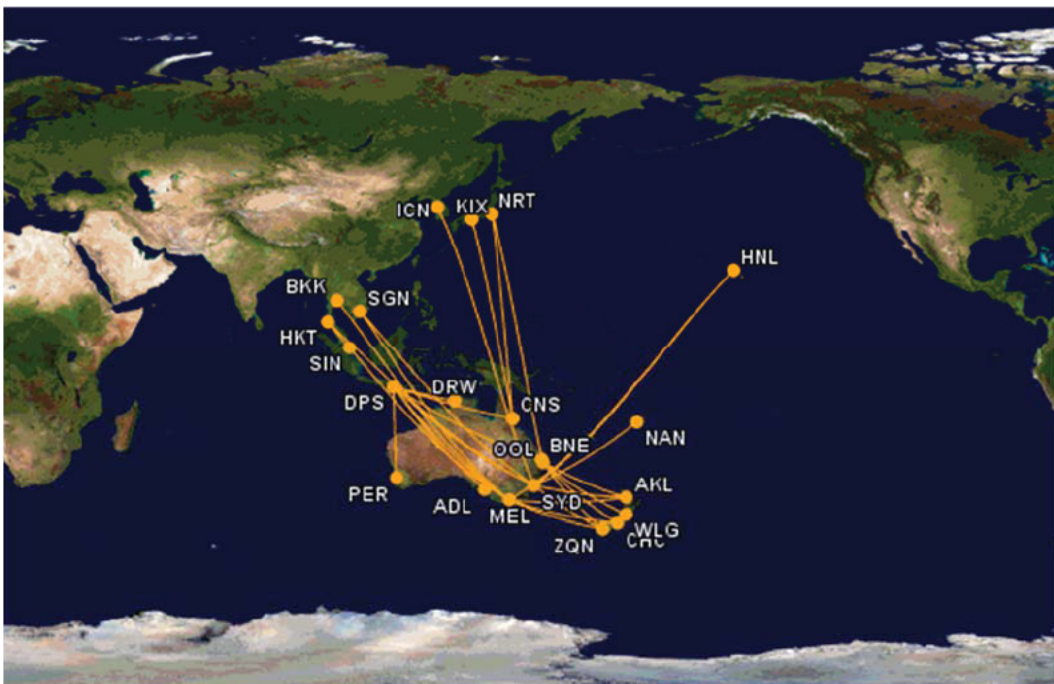
[Attached separately]

# Annexure D– Qantas Group Network Maps

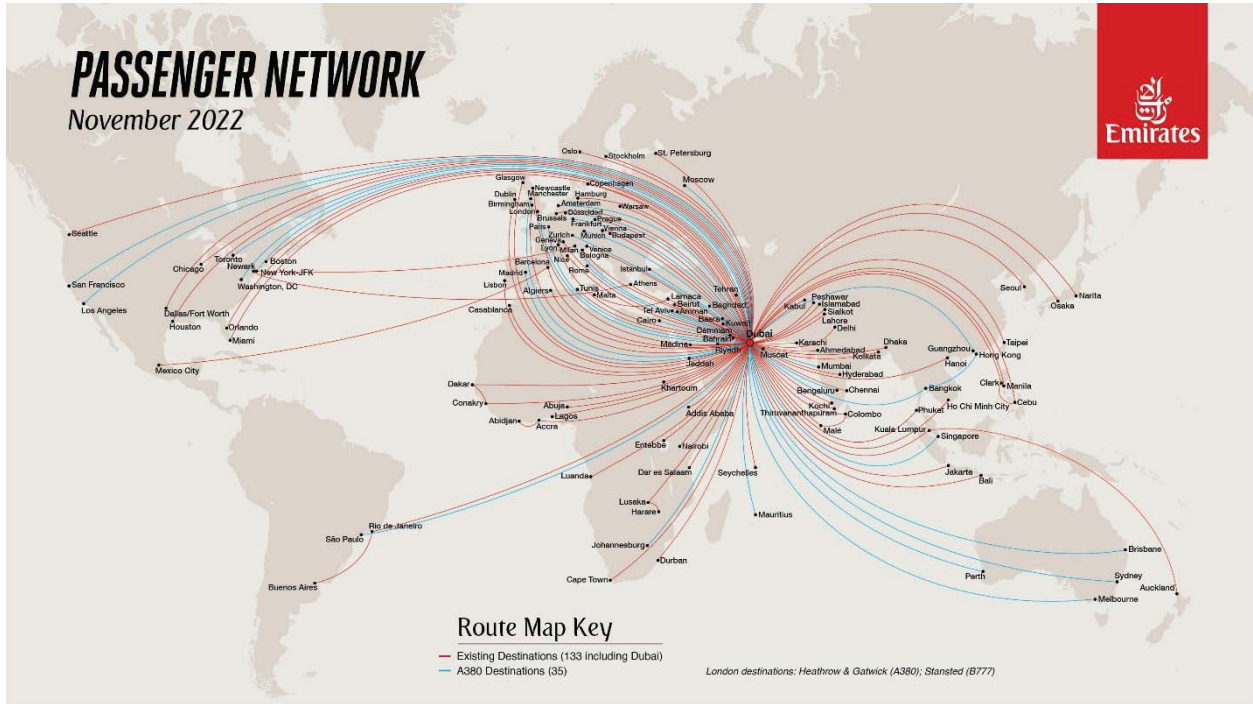
Qantas



Jetstar



# Annexure E – Emirates Group Network Maps



# Annexure F– Market Share Data: Tasman

**TABLE 1: MARKET SHARE BY CARRIER, AUSTRALIA-NEW ZEALAND, CY17-May 2022**

| Carrier            | CY17   | CY18   | CY19   | CY20   | CY21   | Jan-May22 |
|--------------------|--------|--------|--------|--------|--------|-----------|
| AIR NEW ZEALAND    | 35.2%  | 36.2%  | 38.0%  | 41.8%  | 63.9%  | 62.4%     |
| QANTAS AIRWAYS     | 21.7%  | 26.4%  | 27.7%  | 26.1%  | 26.9%  | 31.7%     |
| VIRGIN AUSTRALIA   | 14.2%  | 14.9%  | 16.3%  | 16.1%  | 0.2%   | 0.2%      |
| JETSTAR            | 10.5%  | 10.9%  | 10.9%  | 9.9%   | 8.5%   | 2.5%      |
| EMIRATES           | 11.8%  | 5.3%   | 3.0%   | 2.8%   | 0.1%   | 0.8%      |
| CHINA AIRLINES     | 2.1%   | 1.9%   | 1.8%   | 1.9%   | 0.0%   | 0.0%      |
| LATAM              | 1.7%   | 1.7%   | 1.4%   | 0.7%   | 0.0%   | 1.0%      |
| AIRASIA X          | 1.6%   | 1.8%   | 0.2%   | 0.0%   | 0.0%   | 0.0%      |
| SINGAPORE AIRLINES | 0.9%   | 0.8%   | 0.6%   | 0.7%   | 0.0%   | 0.0%      |
| OTHER              | 0.3%   | 0.1%   | 0.1%   | 0.1%   | 0.2%   | 1.5%      |
| Total              | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0%    |

Source: DDS (Trip Dominant Marketing Carrier)

**TABLE 2: MARKET SHARE BY CARRIER, AUSTRALIA-NEW ZEALAND,  
BUSINESS PURPOSE PASSENGERS, CY17-May 2022**

| Carrier            | CY17   | CY18   | CY19   | CY20   | CY21   | Jan-May22 |
|--------------------|--------|--------|--------|--------|--------|-----------|
| AIR NEW ZEALAND    | 49.0%  | 43.5%  | 42.9%  | 44.0%  | 61.0%  | 63.2%     |
| QANTAS AIRWAYS     | 21.7%  | 31.6%  | 33.1%  | 31.6%  | 32.2%  | 28.7%     |
| VIRGIN AUSTRALIA   | 12.9%  | 13.0%  | 13.7%  | 12.8%  | 0.0%   | 0.0%      |
| JETSTAR            | 4.0%   | 3.8%   | 3.6%   | 4.4%   | 3.2%   | 2.0%      |
| EMIRATES           | 7.6%   | 3.4%   | 2.2%   | 1.7%   | 0.2%   | 0.7%      |
| SINGAPORE AIRLINES | 0.9%   | 0.8%   | 0.9%   | 0.9%   | 0.6%   | 0.9%      |
| CHINA AIRLINES     | 0.4%   | 0.6%   | 0.8%   | 0.6%   | 0.0%   | 0.0%      |
| LATAM              | 0.6%   | 0.6%   | 0.7%   | 0.6%   | 0.0%   | 0.9%      |
| CATHAY PACIFIC     | 0.2%   | 0.2%   | 0.2%   | 0.2%   | 0.1%   | 0.0%      |
| ETIHAD AIRWAYS     | 0.2%   | 0.2%   | 0.2%   | 0.2%   | 0.1%   | 0.1%      |
| OTHER              | 2.4%   | 2.3%   | 1.8%   | 2.9%   | 2.7%   | 3.3%      |
| Total              | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0%    |

Source: ABS (Residents Inbound; Visitors Inbound)

**TABLE 3: MARKET SHARE BY CARRIER, AUSTRALIA-NEW ZEALAND,  
LEISURE PURPOSE PASSENGERS, CY17-May 2022**

| Carrier            | CY17   | CY18   | CY19   | CY20   | CY21   | Jan-May22 |
|--------------------|--------|--------|--------|--------|--------|-----------|
| AIR NEW ZEALAND    | 33.3%  | 35.1%  | 38.1%  | 37.6%  | 66.0%  | 71.5%     |
| QANTAS AIRWAYS     | 18.5%  | 21.2%  | 21.6%  | 22.2%  | 24.7%  | 19.4%     |
| VIRGIN AUSTRALIA   | 16.6%  | 17.0%  | 17.3%  | 17.6%  | 0.0%   | 0.0%      |
| JETSTAR            | 12.8%  | 13.4%  | 13.2%  | 13.5%  | 7.9%   | 3.9%      |
| EMIRATES           | 10.8%  | 4.1%   | 2.5%   | 2.4%   | 0.1%   | 0.6%      |
| CHINA AIRLINES     | 1.6%   | 2.0%   | 2.0%   | 1.8%   | 0.0%   | 0.0%      |
| SINGAPORE AIRLINES | 1.0%   | 1.3%   | 1.3%   | 1.0%   | 0.3%   | 0.9%      |
| LATAM              | 1.4%   | 1.3%   | 1.2%   | 0.9%   | 0.0%   | 1.0%      |
| AIRASIA X          | 1.5%   | 2.0%   | 0.4%   | 0.2%   | 0.0%   | 0.0%      |
| CATHAY PACIFIC     | 0.2%   | 0.2%   | 0.2%   | 0.2%   | 0.0%   | 0.0%      |
| OTHER              | 2.2%   | 2.3%   | 2.3%   | 2.6%   | 0.9%   | 2.8%      |
| Total              | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0%    |

*Source: ABS (Residents Inbound; Visitors Inbound)*

**TABLE 4: MARKET SHARE BY CARRIER, SYDNEY-CHRISTCHURCH, CY17-May 2022**

| Carrier            | CY17   | CY18   | CY19   | CY20   | CY21   | Jan-May22 |
|--------------------|--------|--------|--------|--------|--------|-----------|
| EMIRATES           | 37.3%  | 31.2%  | 26.0%  | 23.6%  | 0.9%   | 3.5%      |
| AIR NEW ZEALAND    | 22.1%  | 27.7%  | 31.0%  | 34.3%  | 63.3%  | 47.3%     |
| QANTAS AIRWAYS     | 18.8%  | 23.1%  | 29.4%  | 31.4%  | 34.8%  | 48.3%     |
| JETSTAR            | 8.0%   | 10.8%  | 8.9%   | 0.9%   | 0.8%   | 0.8%      |
| VIRGIN AUSTRALIA   | 10.5%  | 6.8%   | 4.3%   | 9.4%   | 0.1%   | 0.0%      |
| CHINA AIRLINES     | 2.8%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%      |
| SINGAPORE AIRLINES | 0.3%   | 0.3%   | 0.3%   | 0.3%   | 0.0%   | 0.0%      |
| ETIHAD AIRWAYS     | 0.1%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%      |
| BRITISH AIRWAYS    | 0.0%   | 0.0%   | 0.0%   | 0.1%   | 0.0%   | 0.0%      |
| OTHER              | 0.1%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.1%      |
| Total              | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0%    |

*Source: DDS (Trip Dominant Marketing Carrier)*

# Annexure G – International freight services data

**TABLE 1: MARKET SHARE (TONNES) BY CARRIER, AUSTRALIA-NEW ZEALAND, CY17-MAY 2022**

| Carrier                     | CY17   | CY18   | CY19   | CY20   | CY21   | Jan-May22 |
|-----------------------------|--------|--------|--------|--------|--------|-----------|
| Air Canada                  | 0.0%   | 0.0%   | 0.0%   | 1.7%   | 2.5%   | 0.0%      |
| Air Chathams                | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%      |
| Air New Zealand             | 49.8%  | 49.3%  | 49.3%  | 40.0%  | 34.3%  | 40.4%     |
| AirAsia X                   | 0.3%   | 1.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%      |
| Cathay Pacific Airways      | 0.0%   | 0.0%   | 0.0%   | 0.1%   | 0.2%   | 0.0%      |
| China Airlines              | 3.1%   | 2.9%   | 2.3%   | 0.9%   | 0.2%   | 0.0%      |
| Emirates                    | 15.3%  | 5.6%   | 3.6%   | 1.8%   | 0.9%   | 0.0%      |
| Etihad Airways              | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%      |
| Federal Express Corporation | 0.0%   | 0.0%   | 0.0%   | 0.1%   | 0.7%   | 0.0%      |
| Jetstar                     | 0.2%   | 0.1%   | 0.1%   | 0.0%   | 0.6%   | 1.5%      |
| LAN Airlines                | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%      |
| LATAM Airlines              | 1.8%   | 1.5%   | 1.2%   | 0.6%   | 0.0%   | 0.3%      |
| Malaysia Airlines           | 0.0%   | 0.0%   | 0.2%   | 0.4%   | 1.1%   | 0.3%      |
| Philippine Airlines         | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.0%      |
| Polar Air Cargo             | 0.0%   | 0.0%   | 0.0%   | 0.6%   | 0.4%   | 0.0%      |
| Qantas Airways              | 13.7%  | 20.5%  | 21.7%  | 16.0%  | 15.8%  | 15.1%     |
| Qatar Airways               | 0.0%   | 0.0%   | 0.0%   | 1.3%   | 3.6%   | 1.8%      |
| Singapore Airlines          | 7.5%   | 8.5%   | 7.6%   | 10.2%  | 12.4%  | 12.1%     |
| SriLankan Airlines          | 0.0%   | 0.0%   | 0.0%   | 0.0%   | 0.1%   | 0.0%      |
| Tasman Cargo Airlines       | 7.3%   | 9.1%   | 12.6%  | 25.3%  | 26.4%  | 28.6%     |
| United Airlines             | 0.0%   | 0.0%   | 0.0%   | 0.9%   | 0.6%   | 0.0%      |
| Virgin Australia            | 1.0%   | 1.3%   | 1.2%   | 0.2%   | 0.0%   | 0.0%      |
| Total                       | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0%    |