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Application for Authorisation of the Air New Zealand and Singapore Airlines Strategic Alliance

Auckland Airport has reviewed Air New Zealand's and Singapore Airlines' (together "**the Applicants**") application ("**Application**") to the Minister of Transport ("**Minister**"), pursuant to section 88 of the Civil Aviation Act 1990, for authorisation from the Minister to make and give effect to the strategic airlines agreement entered into by the Applicants on 16 January 2014, and proposed related agreements which are contemplated by that agreement.

In summary, Auckland Airport is generally supportive of initiatives, such as the proposed Alliance, aimed at alleviating the considerable economic pressures airlines face provided it can be ensured that there is no detrimental impact on the growth of and continued promotion of competition in international air services that is so vital to New Zealand's economic prosperity.

Auckland Airport appreciates the considerable economic pressures faced by airlines today and the need to have a continuing focus on achieving operational efficiencies, a focus shared by Auckland Airport. Auckland Airport recognises airlines operate in the context of a global industry where numerous strategic alliances and alignments exist and are used to achieve reductions in operational costs and provision of streamlined services, management of passenger throughput and a method achieving greater access to markets and connectivity of networks flown.

The Applicants submit that the Alliance will, and is necessary to:

- provide Air New Zealand with the opportunity for efficient, sustainable growth of its Pacific Rim network;
- enable Singapore Airlines to increase the volume of passengers travelling through its Singapore hub and connecting with its substantial network; and
- put the Applicants in a stronger position to compete with the new Qantas/Emirates alliance,

and the Applicants claim it "will deliver significant and substantiated benefits to the travelling public and the New Zealand public generally".



Auckland Airport welcomes and supports the full range of public benefits outlined in the Application. In particular the Applicants' stated intention, to sustainably increase capacity on the Auckland- Singapore "by up to 30% over time", and assurance, that the Alliance will stimulate tourism to New Zealand, are welcomed by Auckland Airport.

The currently healthy competition on the New Zealand – London route allays concerns in relation to the Alliance's impact there. However, given that there is only one other operator of direct services on the Auckland - Singapore route (Jetstar), we suggest the Minister test the Applicants' assertion that "the Alliance will not affect the overall level of competition for passengers travelling between New Zealand and Singapore" to fully understand what the impact on the competitive environment on that route might be. We consider that this is necessary to ensure the Minister is satisfied that the Alliance will not have the effect of creating an uncompetitive environment on that route.

Please do not hesitate to contact me if there is anything further in relation to the Application or the Minister's consideration of it that Auckland Airport can assist with.

Yours sincerely

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