

20 March 2015

Keston Ruxton
Manager, Market Assessment & Dairy, Regulation Branch
Commerce Commission
Wellington

By email c/o: regulation.branch@comcom.govt.nz

Dear Mr Ruxton,

Comments on proposed review of input methodologies

Air New Zealand welcomes the opportunity to provide feedback on the Commerce Commission (the Commission) Proposal to consider the WACC percentile for airports as part of the input methodologies (IMs) review.

The Commission rightly notes that we have previously submitted that application of the WACC percentile review to airports should be conducted as a matter of urgency. We see no reason why this piece of overcharging should not be returned to consumers (including the travelling public, other airport users and airline customers) as soon as possible.

Under the purpose of the Commerce Act 1986, the Commission should take every opportunity to return value to consumers when that is in their long term interests. The High Court has identified the WACC as a clear opportunity to return value to consumers.

However, the WACC percentile is only one of a suite of opportunities to improve the balance of the IMs for the benefit of consumers. We doubt that the overcharging identified by the High Court will be released to consumers by the airports until the IMs review is complete.

Given the above, we support the Commission's intention to focus on that review as a practical way to work in the interests of consumers and the right way to prioritise effort, so long as the opportunity is taken to address the current excess returns that airports are extracting.

Airline customers, the traveling public and the wider economy will benefit if that process is not allowed to be delayed and the IMs are ready to be in place (taking into account any anticipated appeal time frames) on 01 January 2017.

Air New Zealand agrees with the scope, timing and focus of the review of input methodologies outlined in the Commission's open letter of 27 February.

Kind regards,



Duncan Small
Head of Government & Industry Affairs