

Commerce Commission New Zealand
Level 9, 44 The Terrace Wellington 6011
Via email: im.review@comcom.govt.nz

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IM review - cross-submissions: report

BARNZ welcomes the opportunity for comment on submissions on the Commerce Commission's Part 4 IM review.

Together with TDB Advisory Ltd, we focus on the submissions of the airports, notably from the NZ Airports Association (NZAA) and from Auckland International Airport Limited (AIAL), Wellington International Airport Limited (WIAL) and Christchurch International Airport Limited (CIAL)

We believe it is important for the Commission to remain focused on the forward-looking aspects of the IM review and we are concerned by the suggestion that the Commission should put much weight on beta estimates for the Covid period.

We believe the high beta estimates provided by AIAL are heavily influenced by the impact of Covid on financial markets, especially over 2020 and 2021, and if accepted, these estimates would in effect be providing airports with ex-post compensation for Covid related losses.

In line with the ex-ante nature of the IM methodologies, we encourage the Commission to focus on a largely post-Covid environment, where financial pressures and risks facing airports and airlines return to more 'normal', pre-Covid levels.

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