

22 June 2023

By email to IM.Review@comcom.govt.nz

Vhari McWha
Commissioner
Commerce Commission
WELLINGTON

Dear Ms McWha

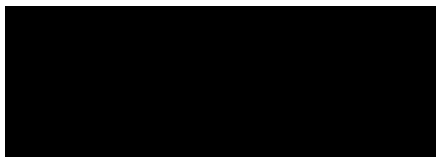
The NZ Airports Association and Auckland, Wellington and Christchurch International Airports have read the Commerce Commission's draft decisions on input methodologies with serious concern.

We noted the airport-related draft decisions were not highlighted in the Commission's presentation of its draft findings on 14 June. We are concerned by the significance of the changes the Commission is proposing to the cost of capital methodology (specifically in relation to asset beta). We would expect such a major departure from the status quo to be shared and explained in a lot more detail. To help our members understand the reasoning behind such a material change in approach, I would like to arrange to meet with the Commission at your earliest convenience.

It is our view that fundamental aspects of the draft decisions depart materially from the 2010 Input Methodologies decisions (as upheld in the High Court) and 2016 Input Methodologies decisions without sufficient explanation or justification. The draft decisions create significant regulatory uncertainty for airports and investors at a time when considerable investment in airport infrastructure is needed, including to meet our obligations to provide a quality experience for the travelling public.

We are committed to playing our part in the formal submission and cross-submission process. Considering the materiality of change the Commission is proposing, which could not have reasonably been anticipated in advance of the draft decision (given it is a significant departure from longstanding precedent), we would like to request an extension of two weeks for our submissions, in order to ensure we can obtain and contribute the right level of analysis for the next stage of the process.

Yours sincerely



Billie Moore
Chief Executive