

23 May 2025

Catherine Montague  
Manager, Competition Policy  
Ministry of Business, Innovation and Employment

Via email: [catherine.montague@mbie.govt.nz](mailto:catherine.montague@mbie.govt.nz)

Dear Catherine

**Seeking views on the effectiveness of the economic regulation of airport services under Part 4 of the Commerce Act 1986**

This submission is made on behalf of Marlborough Airport Limited, a regional airport that provides essential connectivity for our community and economy. We endorse the submission that will be provided to you by NZ Airports and wish to reinforce several points from a regional airport perspective.

**1. Regulation of major airports affects the entire airport system**

While we are not regulated under Part 4 of the Commerce Act, the regulatory framework for the three major airports directly shapes our operating environment and the processes and expectations for airport planning and pricing across the network. In this way, regulation at the top of the network cascades through the entire system. Any changes to the regime – particularly if they lower the bar for regulatory intervention or shift toward more bespoke, selective approaches – will have consequences for smaller airports like ours and our investment settings, even if we are not directly included.

**2. Airline market power is the more pressing issue**

On most regional routes, there is only one airline operating. This means that route decisions, pricing, and service reliability are determined by a single commercial actor, often with little or no competition. Airport pricing is subject to clear constraints in the Civil Aviation Act 2023 and Commerce Act 1986, but airlines have no scrutiny or reporting obligations for the fares that are ultimately presented to consumers.

This imbalance is increasingly difficult to justify. If the goal is to improve consumer outcomes, regulation must apply where the greatest market power lies. In our view, that means examining airline conduct more closely, including fare-setting on monopoly routes.

**3. Dual till is essential to regional airport viability**

We are particularly concerned about suggestions to move away from a dual till regulatory model. Regional airports rely on diversified revenue streams to fund infrastructure investment and manage volatility. This is especially important in the absence of government capital funding or regulated airline pricing.

Any shift that redirects non-aeronautical revenue to reduce charges for airlines risks undermining the financial autonomy of regional airports and reducing our capacity to invest in resilience, safety, and long-term growth. The dual till model is a deliberate and necessary framework that enables airports to function sustainably without taxpayer support.

#### **4. System stewardship matters**

MBIE has a key role to play in stewarding a stable, predictable, and proportionate regulatory framework for the aviation sector. That requires looking beyond the three major airports and assessing how proposed changes might affect regional airports, local government investors, and the communities we serve.

We urge MBIE to:

- Maintain the integrity of the current regulatory framework;
- Avoid selective or politically driven changes;
- Protect the viability of regional airports;
- And refocus attention on areas of unregulated market power — especially where there is the greatest risk to consumers.

We would welcome further engagement on the future of aviation regulation in New Zealand and are happy to collaborate through NZ Airports or directly as a regional airport stakeholder.

Yours sincerely

DEAN HEIFORD  
**CHIEF EXECUTIVE OFFICER**  
**MARLBOROUGH AIRPORT LIMITED**