

SUBMISSION

The Economic Regulation of Airport Services

23 May 2025

Catherine Montague
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Small Business, Commerce and Consumer Policy
Building and Resources Markets
Ministry of Business, Innovation and Employment
Wellington

By email: Catherine.Montague@mbie.govt.nz

Dear Ms Montague

Attached is the Wellington International Airport Limited (WIAL) submission responding to your request for sector views on the Economic Regulation of Airport Services and whether the existing regime:

- provides sufficient oversight during times of major capital investment, and
- is sufficiently flexible to provide a targeted and timely response when changes in regulatory approach are required.

Morrison supports WIAL's views and, particularly, we share the concern that continued and overlapping reviews of airport regulation will have a chilling effect on investment. The cumulative effect of these regulatory reviews is very concerning to the long term capital providers on whose behalf we invest.

Morrison's involvement in the airport sector includes our role as Manager of Infratil Limited, which owns 66% of WIAL. We also manage **Utilities Trust of Australia** which has multi-billion dollar investments in Perth Airport and the Australian Pacific Airports Corporation, which owns and operates Melbourne Airport and Launceston Airports. We have also previously managed interests in airports in Europe and Queensland. This provides us with perspectives across a range of jurisdictions over 25 years.

We are concerned by the potential for regulatory expansion in New Zealand, which considerably exceeds what we see in Australia and elsewhere. Fundamentally, regulation of critical infrastructure like airports must be principled and predictable, consistent, transparent, grounded in evidence, with full assessments of costs and benefits before regulation is applied.

Consultation of this nature is itself concerning as it is contributing to a general environment of uncertainty and regulatory creep. Airports have recently faced multiple regulatory changes including a Commerce Amendment Bill, rewrite of the Airport Authorities Act and Civil Aviation Act, and contentious Input Methodologies changes.

We applaud the current Government's commitment to attracting long term infrastructure investment to support New Zealand's economic growth. Unstable regulation creates a climate of uncertainty which could undermine the government's broader objectives. This is evident globally, for example, the regulatory uncertainty that is being seen in the US is clearly restricting the attractiveness of this market for investment and increasing the cost of capital for US infrastructure. Morrison has consistently expressed this view in multiple forums, including through the recent Infrastructure Investment Summit, and it is disappointing to see another regulatory review being initiated without a clear problem statement. Our view is that MBIE should allow airports to progress their capital programmes under long-established, well-functioning rules without the constant threat of regulatory change.

As WIAL points out, the overall fitness of the regulatory settings has also been tested multiple times, including by MBIE in 2018 and by the Commerce Commission in its regular reviews of airport price setting events. If regulatory change is needed, there are existing processes in the Commerce Act to allow for this. The Commerce Act is well understood by investors and should be left as is rather than making unnecessary changes.

Yours sincerely

Paul Newfield
Chief Executive Officer