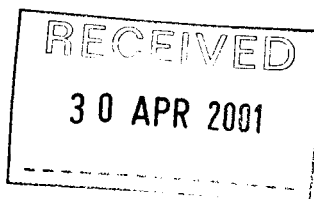


PS77821

CO30-001
CO30-008

27 April 2001

Price Control Study of Airfield Activities
Commerce Commission
PO Box 2351
WELLINGTON

Dear Sir/Madam

SUBMISSION ON CRITICAL ISSUES PAPER 16 MARCH 2001 INTO PRICE CONTROL STUDY OF AIRFIELD ACTMTIES

We make the following submission on the above study ~~currently~~ being conducted by the Commission on the basis of general comment~~s~~ rather than directly commenting on the specific issues raised in the study ~~paper~~.

We fully appreciate that the issues paper is specifically directed at Auckland, Wellington and Christchurch International Airports and makes no reference to other Regional Airports. We are of the belief that should any form of price controls be imposed on major international airports it will only be a matter of time before those same controls ~~are~~ imposed upon all other airports within New Zealand.

We are not totally opposed to price regulation per se, ~~providing~~ such -regulation is **fair** and **equitable** to all parties. Under the ~~current~~ situation the airports are required to consult with the airline/airlines on ~~many~~ issues which affect the ~~airport~~, in particular the setting of landing ~~charges~~. This process is often a long ~~and~~ difficult process in which the ~~airport~~ is required to furnish the airline ~~with~~ a great deal of information in order to ~~justify~~ the charge. The airline on the other hand is not required to provide the airport with any information to justify any claims they might ~~make~~ during the process. This often results in claims being made that the ~~airport~~ is unable to agree with or argue against.

Asset valuation is an area in particular which airlines ~~often~~ make the comment that airports are over valued and their values should reflect the actual cost rather than any accepted method used by any ~~other~~ monopoly to value its assets. The airlines further ~~argue~~ that airports should not be able to re-value their assets despite the fact that under the Local Government Act councils are required to re-value their assets on a regular ~~basis~~. However airlines themselves re-value their assets, so surely if it is ~~acceptable~~ for one, should it not be acceptable for the other.

Page 2

We would be prepared to accept some **form** of control on airports provided that it was **fair and equitable** to all parties. The current **situation in respect** to the smaller regional airports is that the airline/airlines **wield considerable** countervailing power and is in some cases a monopoly operator to those airports.

This control should be restricted to those areas already set out in the Airport Authorities Regulations 1999 (Airport Companies Information Disclosure). This control should actually prescribe the methodology to be used in the calculation of asset values, WACC, aircraft landing charges and passenger charges. In accepting this addition&l control placed on airports, we would seek some additional disclosure informational requirements **from airlines**, together with airports retaining the existing ability to impose charges once having met the requirements of the control provisions.

This is the view of Gisborne Airport only and does not reflect the view of any other airports,

Yours faithfully



M W Bell
AIRPORT MANAGER

MWB:DLM