

29 June 1998

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

**CORPORATE OFFICE
111 Wexford Road
PO BOX 14175
Wellington, New Zealand
Telephone 04-385 5100
Facsimile 0-4385 5139**

For: Jo Bransgrove

By fax: 471 0771

Dear Ms Bransgrove

**PRICE CONTROL STUDY OF AIRFIELD ACTIVITIES – PROCESS AND
PRELIMINARY ISSUES**

Further to your letter of 4 June 1998, we take this opportunity to respond to your request for comments on the proposed procedures. Using your paragraph numbers we say as follows:

- 1. The approach the Commission proposes to take:**

We have no comments.

- 2. Any preliminary issues arising out of the Minister's requirement which may need to be addressed prior to the Commission commencing its price control study:**

We note the Minister in his letter of 26 May to the Chairman of the Commission specifically answers the query as to what activities the Commission is required to report on. The Minister makes it plain that it is only 'airfield activities' as defined in s2 of the Airport Authorities Amendment Act.

As you are aware airfield activities are only one of three categories defined in the Airport Authorities Amendment Act which were plainly intended to cover all non-contestable activities at the airport. This is reflected in the encompassing definition 'identified' airport activities which include airfield activities, aircraft and freight activities, and specified passenger terminal activities.

We would have thought that any comprehensive study would have to cover all aspects of an airport's non-contestable business, as defined by the Act, not just one selective area. Given the nature of identified airport activities allocations of revenue, costs, assets and liabilities etc; amongst each of the three types of activities will be an important consideration. In

these circumstances we consider further guidance should be sought from the Minister to confirm that the study is to be constrained to one aspect of the airport's non-contestable business.

Finally, in respect of the matters arising out of the Minister's requirement we would suggest that question 2 on page 2 of the Minister's letter would appear to be a general requirement which would of necessity have to be dealt with in the specific answers to questions one and three.

3. The use of electronic communications to facilitate the process:

We support the use of electronic communications.

We hope these comments have been of assistance and should you require any further clarification please do not hesitate to contact us.

Yours sincerely

A handwritten signature in black ink, appearing to read "Don Huse", is written over a horizontal line.

Don Huse
Chief Executive