

16 June 2026

Hristina Dantcheva
Commerce Commission
44 The Terrace
Wellington 6011
New Zealand

By email: infrastructure.regulation@comcom.govt.nz

Re: Targeted Amendments to the Cost of Capital Input Methodologies for Airport Services

The Board of Airline Representatives New Zealand (BARNZ) welcomes the opportunity to provide feedback on the Commerce Commission's draft decision regarding the targeted amendments to the Cost of Capital Input Methodologies (IMs) for airport services. BARNZ represents the interests of more than twenty airlines operating to, from and within of New Zealand. Our purpose drives us to seek a sustainable, efficient, and consumer-focused aviation sector.

In support of our position, BARNZ commissioned **TDB Advisory Limited (TDB)** to undertake an independent expert evaluation of the Commission's proposed parameters. We enclose their formal report, *"Targeted Amendments to the Cost of Capital Input Methodologies for Airports - Equity Beta and Related Parameters" (June 2026)*, as part of our submission.

BARNZ fully endorses the findings and core conclusions detailed in the attached TDB Advisory report. We wish to emphasise the following key positions to the Commission:

- **Post-COVID Data Selection:** We support the Commission's proposal to estimate equity beta and leverage using three years of clean post-pandemic data (from 1 February 2023 to 31 January 2026). This is a pragmatic approach given where we find ourselves. It both avoids distorting forward-looking regulatory periods with pandemic-driven equity volatility, or employing complex adjustments to pandemic-affected data.
- **Exclusion of Emerging Market Outliers:** We support focusing the comparator set on advanced economy airports, and consider the Commission should

remove *Airports of Thailand* from the group. As an emerging market entity with 70% state ownership and low liquidity, its abnormally high asset beta and low leverage distort the benchmarks and fail to reflect the commercial reality of New Zealand's regulated airport environment.

- **Reasonableness of Returns:** The resulting indicative post-tax WACC of 8.25% delivers an extremely generous return for monopoly infrastructure providers. Given that Auckland International Airport Limited's (AIAL) current Regulatory Asset Base (RAB) multiple sits near 2.0x—significantly above 1.0x—the Commission has clear scope to apply conservative parameters to protect consumers from excessive profits while ensuring an adequate return on capital.

BARNZ members remain concerned that regulatory settings are driving airport monopoly owners to over-invest in infrastructure to achieve generous returns, while paying scant attention to the views of their airline customers.

We trust that TDB's expert analysis will assist the Commission in finalising a robust, balanced, and forward-looking determination. We encourage the Commission to continue to apply its judgement in oversight of the regulatory regime, and to ensure that the inputs to the regime do not themselves deliver excess profits to airport monopolies.

Yours sincerely,



Cath O'Brien
Executive Director
Board of Airline Representatives New Zealand (BARNZ)