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Auckland Airport responds to calls from airline for greater regulation

Air New Zealand has today called for a Commerce Commission inquiry into whether Auckland Airport should be subject to additional regulation.

Auckland Airport is already appropriately regulated by the Commerce Commission and is currently engaged in the Commission's review of its latest pricing decision. Auckland Airport welcomes this oversight, which is an important aspect of effective regulation.

The regulatory framework we operate under is focused on major airports delivering the best long-term outcomes for consumers – not the short-term interests of airlines or airports. The regime has also been looked at several times by Parliament and found to be the right one.

Auckland's domestic charges have been 40-50% lower than other airports for many years, and that has been worth about \$470m¹ to Air New Zealand since 2011.

Air New Zealand has strong commercial incentives to oppose airport investment, both to protect its profit margins and its dominant domestic market position. Investment creates additional capacity that enables airline competition.

The post-pandemic rises in airfares, and record profits by airlines in the 2023 financial year, have demonstrated how lucrative constrained capacity can be for airlines, and how much it can cost travellers when demand exceeds supply.

Air New Zealand, which is subject to no economic regulation, holds 86% of New Zealand's domestic travel market and hiked its average domestic and regional airfares by up to 55% or \$70 a fare following the pandemic. This had a particular impact on the regions. Regional airfares alone grew 16% between 2022 and 2023. Meanwhile, for this current pricing period, Auckland

¹ Compared to the average prices charged by Wellington and Christchurch Airports

Airport's domestic jet charges will increase by an average of \$1.76 per year and regional charges will increase by \$1.26 for regional charges.

Auckland Airport is getting on with building the resilient, fit-for-purpose airport that meets the needs of customers and to support our economy, as New Zealand's gateway. Delaying infrastructure is not in our country's best interests.

The alternative terminal being promoted by Air New Zealand is theoretical and is missing core elements of an operating airport.

By 2027 Auckland Airport's domestic charges will be at a similar level to current charges at other major airports in the region. Prices for 2028 and beyond have not been set and remain subject to consultation.

ENDS

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