

Auckland Airport infrastructure deficit is costing travellers, airlines, and New Zealand's economy

Airlines for Australia and New Zealand is urging the New Zealand Government to proceed with policy changes proposed as part of the recent consultation on the new Civil Aviation Bill, saying that airport users in New Zealand – particularly travellers using Auckland Airport – are getting a raw deal in both cost and experience.

Speaking on the dire state of Auckland Airport's infrastructure, Professor Graeme Samuel AC, Chairman of A4ANZ, said that "Auckland Airport tells us that it is investing billions of dollars in infrastructure – this is completely disingenuous. The reality is that Auckland Airport management have proposed to significantly increase charges for all airlines – with the scale of the cost increases unlike anything we have ever seen – for example, landing fees at Auckland are likely to more than triple over the next 5-10 years."

In referencing the recent debate surrounding Whenuapai airbase, Professor Samuel said that "It's not surprising that airlines are exploring alternative options for services into and out of Auckland airport, which delivers a suboptimal experience at a high cost to travellers. As a result of poor long-term planning Auckland airport requires billions of dollars of investment, which will ultimately be paid for by travellers."

Professor Samuel says that the right of airports to set charges as they see fit, enshrined in legislation now up for substantial review, gives airports confidence to recover the total aeronautical charges from customers.

Indeed, there is compelling evidence to show that the major airports in New Zealand have historically set prices that are designed to target large profits but are not in the long-term interest of consumers. Auckland Airport provides a clear case study of how this practice has continued over time – with the Commerce Commission noting in their 2018 review of AIAL's pricing decisions that airport operators were targeting excessive profits.

Professor Samuel said that the excess profits generated by New Zealand airports "have come at a cost to the New Zealand community, both financially and through lost opportunities for improving the quality and efficiency of airport services."

Professor Samuel went on to say that "while A4ANZ welcomes the ongoing review of Whenuapai airbase as part of the Government's Defence Estate Review, a more immediate solution is required to address the egregious monopoly behaviour of Auckland Airport. Clearly, more effective regulatory pressure is required to prevent excessive profits by airports and return more value to consumers and the economy. As such, A4ANZ and its members are supportive of the proposed repeal of legislation which allows airports to "price as they see fit".

"A4ANZ members are committed to building, maintaining and improving positive, constructive commercial relationships with airports; with a view to seeing airports, and the whole aviation sector prosper. It is not only in the airlines' interests, but also in their passengers' interests as well as the Government's and New Zealand economy's interest for this to occur" said Professor Samuel.

About A4ANZ

Airlines for Australia and New Zealand (A4ANZ) is an industry group that has been established as a voice to represent airlines based in Australia and New Zealand. Member-funded and representing international, domestic, regional, full service and low cost carriers, A4ANZ advocate on key public policy issues that impact airline operations such as efficient access to infrastructure, in the interests of our passengers, staff and shareholders.

Media Enquiries: Professor Graeme Samuel AC +61 408 335 555

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