



COMMERCE COMMISSION

INFORMATION DISCLOSURE FOR SPECIFIED AIRPORT SERVICES

TECHNICAL WORKING SESSION

13TH SEPTEMBER 2010, 10AM – 2PM

WELLINGTON INTERNATIONAL AIRPORT, DEHAVILLAND ROOM

SUPPLEMENTARY ADDITIONS TO AGENDA

Please find attached the following supplementary additions to the original items list circulated on Monday 30 August, for discussion at the working session:

- A table of an additional topic (Used and Useful Assets);
- An additional draft Schedule 27b that incorporates the Commission's proposed changes; and
- A table of additions to the Defined Terms as a result of changes to Schedule 27b(vi).

As stated in the original agenda, the purpose of this session is to obtain further feedback and/or clarification from submitters on technical matters and practical implementation considerations relating to information disclosure requirements for specified airport services.

The Commission has not made final decisions on any of these topics (including those listed in the previous discussion topics list). Following the workshop, the Commission will consult on the technical drafting of the information disclosure determination.

TABLE OF ADDITIONAL WORKING SESSION DISCUSSION TOPICS

This table sets out topics for discussion additional to the original agenda circulated on Monday 30 August.

Item No.	Issue	References	Initial response	Proposed Changes to Determination
<i>Historical Financial Information</i>				
3.3	<p>Used and useful assets</p> <p>In the <i>Input Methodologies Airport Services Draft Reasons Paper</i>, the Commission suggested that the matter of whether an asset is both used and useful is appropriately left for interested persons to assess based on disclosed information.¹</p> <p>What information should airports disclose about the usefulness of assets to allow interested persons to make this assessment?</p>	<p>BARNZ ID Sub pg 2 & 24,</p> <p>Air NZ ID Sub pg 47-48</p> <p>NZAA ID Cross-sub pg 10</p> <p>NZAA IM Cross-sub para 88-96</p>	<p>Airports should disclose sufficient information about assets such that interested persons can make their own assessments as to whether assets are 'useful'.</p> <p>Q: The Commission seeks feedback on what information airports should disclose about the assets used to supply specified airport services to allow interested persons to make informed assessments on whether these assets are useful in the supply of those services.</p>	<p>The template for the initial RAB be amended to identify what information the airports should disclose about the 'usefulness' of assets included in the initial RAB. Refer to Schedule 27b(iv).</p>

¹ Commerce Commission, *Input Methodologies Airport Services Draft Reasons Paper*, 31 May 2010, paragraph 4.4.79.

DRAFT CHANGES TO SCHEDULES

This draft Schedule incorporates the Commission's proposed changes referred to in item 3.3 in the discussion topics table.

Schedule 27b: Notes to Report on Initial Regulatory Asset Base Value

Regulated Airport For Year Ended		Airport Company 31 March 2011			
SCHEDULE 27b: NOTES TO REPORT ON INITIAL REGULATORY ASSET BASE VALUE (cont)					
<i>ref</i> Consultation draft 31 May 2010					
70	27b(iii): ASSETS HELD FOR FUTURE USE				
71		Initial Value (\$000)	Holding Costs (\$000)	Net Revenues (\$000)	Total (\$000)
72					
73	Assets held for future use—year ended 2009				—
74	plus Assets held for future use additions				—
75	less Transfer to capital expenditure				—
76	Assets held for future use—year ended 2010	—	—	—	—
77					
78	27b(iv): ASSET LIVES & ASSET USES				
79	Land				
80	Description of land	Allocated value	Description of use (land)		
81	[Asset 1]				
82	[Asset 2]				
83	[Asset 3]				
84	[Asset 4]				
85	[Asset 5]				
86	[Asset 6]				
87	[Asset 7]				
88					
89					
90	Total value land		<i>(should reconcile to 'Total value land' in schedule 10a)</i>		
91					
92	Sealed Surfaces:				
93	Significant asset	Allocated value	Description of use (significant assets)	Asset life (years)	
94	[Asset 1]				
95	[Asset 2]				
96	[Asset 3]				
97	[Asset 4]				
98	[Asset 5]				
99	[Asset 6]				
100	[Asset 7]				
101					
102	Other assets sealed surfaces				
103					
104	Total value sealed surfaces		<i>(should reconcile to 'Total value sealed surfaces' in schedule 10a)</i>		
105					
106	Infrastructure and Buildings				
107	Significant asset	Allocated value	Description of use	Description of use (significant asset)	Asset life (years)
108	[Asset 1]				
109	[Asset 2]				
110	[Asset 3]				
111	[Asset 4]				
112	[Asset 5]				
113	[Asset 6]				
114	[Asset 7]				
115					
116	Other assets infrastructure and buildings				
117					
118	Total value infrastructure and buildings		<i>(should reconcile to 'Total value infrastructure and buildings' in schedule 10a)</i>		
119					
120	Vehicles, Plant and Equipment				
121	Significant asset	Allocated value	Description of use (significant assets)	Asset life (years)	
122	[Asset 1]				
123	[Asset 2]				
124	[Asset 3]				
125	[Asset 4]				
126	[Asset 5]				
127	[Asset 6]				
128	[Asset 7]				
129					
130	Other assets vehicles, plant and equipment				
131					
132	Total value vehicles, plant and equipment		<i>(should reconcile to 'Total value vehicles, plant and equipment' in schedule 10a)</i>		
133					
134					

Defined terms

The following additions will be made to Schedule 1: Defined Terms of the draft requirements in relation to the above changes to schedule 27b(iv):

allocated value	means the value of an asset included in the closing RAB determined in accordance with clause 3.4 of the <i>Input Methodologies (Specified Airport Services) Determination 2010</i> .
asset life	means the useful life of an asset as on the last day of the financial year 2009 as determined in accordance with the disclosure financial statements completed by the airport under regulation 4 of the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 for the accounting period (as defined in regulation 2(1) of those regulations) ending in 2009.
description of land	means the parcels of land identified in the valuation report prepared for the purposes of clause 3.3(1)(b) of the <i>Input Methodologies (Specified Airport Services) Determination 2010</i> .
description of use (land)	means a description of how each parcel of land is used to provide specified airport services sufficiently detailed to allow interested persons to assess the usefulness of the asset in providing specified airport services.
description of use (significant assets)	means a description of how significant assets are used to provide specified airport services sufficiently detailed to allow interested persons to assess the usefulness of the asset in providing specified airport services.
Initial RAB	Has the meaning given in clause 3.2 of the <i>Input Methodologies (Specified Airport Services) Determination 2010</i> .
Initial RAB value	Has the meaning given in clause 3.3 of the <i>Input Methodologies (Specified Airport Services) Determination 2010</i> .
other assets	means assets included in the initial RAB that are not significant assets .
significant assets	means an Airport's largest assets, as measured by its initial RAB value, cumulatively comprising at least 80 percent of the total value of non-land assets in the initial RAB . The list of significant assets should separately disclose assets that are not included in the asset base used for consultation under section 4B of the Airport Authorities Act 1966.