Introduction

1. The Commerce Commission ("Commission") has invited submissions responding to its proposed amendments to information disclosure determinations for airport services price setting event items of 7 September 2017.

2. The New Zealand Airports Association ("NZ Airports") contact for this submission is:
   
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3. NZ Airports has not identified any material issues regarding this set of amendments proposed by the Commission, however we do propose that the Commission considers the process for addressing other amendments needed to fully recognise the 2016 changes to the Input Methodology Determination ("IM").

Proposed amendments to Schedule 6

4. Wellington Airport will not reset its aeronautical prices until 2019, and Auckland and Christchurch Airports have not included a risk allocation adjustment as part of their recent price setting disclosures. It is therefore somewhat difficult to evaluate the mechanics of the proposed schedule (which would track the estimated present value of any risk allocation adjustments).

5. We have trialed some hypothetical scenarios using the proposed schedule (included in the attached spreadsheet). From these rough scenarios, our preliminary view is that two mechanical adjustments to the template should be made:

   • The Commission proposes to restrict the “Units Used” column to numerical input. We consider that this should be amended to allow text input, so that airports provide a description of the nature of the actual and forecast numbers being disclosed.

   • The schedule provides for totals of the proposed risk allocation adjustments. A total only makes sense in respect of the present values of the adjustments in the final column. It will not make sense for the other values if the basis for the numbers can differ depending on the nature of the risk sharing arrangements.

6. We are happy to discuss these adjustments with Commission staff if that is helpful.

Future ID amendments

7. Although we do not have strong views on the proposed amendments, it is not clear to NZ Airports why the Commission is planning to make this change now when it is unlikely to be relevant until at least FY20 (and only then if Wellington Airport includes a risk allocation adjustment in its next pricing decision).
8. Other changes to the annual information disclosure templates to increase consistency between ex ante and ex post disclosure requirements – such as changes to the Schedule 1 ROI analysis, and to the tracking schedule for Assets Held for Future Use – would appear to be more relevant priorities. These changes will require exemptions or other work-around solutions from FY18 onwards.

9. The Commission’s companion paper does not put forward a timeframe to address these deferred issues, but states that future ID amendments will be “prioritised and phased”.

10. NZ Airports and the three regulated airports have some concerns about a phased approach to these anticipated ID amendments. We would prefer that changes to the annual disclosure templates to align with the 2016 IM changes and the new pricing disclosure templates are made through one consolidated process with a timely and defined end date, rather than as staggered amendments over an unknown time period.

11. We consider that a consolidated process is likely to be more efficient and better able to address the interactions between different parts of the schedule templates. A clear timeframe would also enable airports to plan and allocate resources.

12. NZ Airports will be happy to engage with the regulated airports to identify proposed time windows, preferred for the three airports, for a consolidated review if this would be of help to the Commission.