

13 June 2012

Karen Murray  
Regulation Branch  
Commerce Commission  
Level 6, 44-52 The Terrace  
PO Box 2351  
**WELLINGTON 6011**

**Private and confidential**

Dear Ms Murray

**REQUEST FOR EXTENSION - DISCLOSURE PURSUANT TO CLAUSE 2.5 OF  
THE COMMERCE ACT (SPECIFIED AIRPORT SERVICES INFORMATION  
DISCLOSURE) DETERMINATION 2010**

Auckland Airport's Board made its decision to alter Auckland Airport's aeronautical charges on 7 June 2012. This is a price setting event under the Information Disclosure Determination, which triggers the requirement for Auckland Airport to publicly disclose certain information pursuant to section 2.5 of the Information Disclosure Determination ("**price setting disclosure**").

Auckland Airport is committed to providing robust and useful information disclosure in accordance with the Information Disclosure Determination to complement the information that was released to the market on 7 June 2012. This commitment is evidenced by the significant resources that Auckland Airport has dedicated to ensuring the effective implementation of the disclosure requirements.

However, as Auckland Airport has submitted during previous consultation processes, the timeframe within which Auckland Airport is required to make its price setting disclosure is very challenging. Auckland Airport acknowledges that the Commission increased the disclosure timeframe from 20 to 40 working days, however it continues to believe that a minimum of 60 working days is a reasonable time within which to complete the disclosure.

For Auckland Airport, 40 working days indicates the price setting disclosure must be publicly disclosed by 2 August 2012. Auckland Airport maintains that this timeframe is insufficient to:

- allow management to prepare a quality price setting disclosure that will be useful for interested parties to assess whether the purpose of Part 4 is being met;
- allow Auckland Airport's Board to have sufficient time to consider the disclosure prior to approval; and
- ensure that two of its directors can properly certify that the disclosures comply with the information disclosure requirements, as required by the Information Disclosure Determination.

For these reasons, and the reasons detailed below, Auckland Airport is asking the Commission to grant an extension for Auckland Airport's price setting disclosure, from 2 August 2012 to 6 September 2012:

- (i) **Resource constraint:** As the Commission is aware, this has been an extremely busy period for Auckland Airport, having just released its aeronautical pricing decision last Thursday, 7 June 2012.

Up until 7 June, Auckland Airport has been tirelessly focussed on:

- completing the pricing consultation, which involved significant work in responding to airline feedback to develop a reasonable pricing proposal for the Board to consider;
- preparing materials for the public announcement of the pricing decision in accordance with Auckland Airport's continuous disclosure obligations and to ensure that interested parties had a high level understanding of the nature of the price setting decision;
- engaging with the airlines individually on the implications of the pricing decision; and
- one on one meetings with key stakeholders on the price setting decision.

In the meantime, on 31 May 2012, seven days prior to Auckland Airport's pricing decision, the Commission called for responses to a process and issues paper for the section 56G review of airport services.

It is not until today that the airport has had any significant window of opportunity to consider the process and issues paper, yet submissions are due in 10 days.

The team charged with managing the aeronautical pricing consultation and the process for the price setting disclosure is also the team that will be responsible for Auckland Airport's response to the Commission's process and issues paper Commission. This team is also responsible for the management of stakeholder issues arising out of the price setting disclosure and ensuring a seamless transition to the new Standard Charges.

- (ii) **Misalignment with Board dates:** Auckland Airport's Board agenda was set in May 2011. At that time, the following existing Board dates were set:

- Full meeting of the Board – 27 June 2012
- Audit and Risk Committee – 29 June 2012
- Audit and Risk Committee – 26 July 2012
- Audit and Risk Committee – 20 August 2012
- Full meeting of the Board – 29 August 2012

It is the Board's strong preference from a governance perspective that all financial matters are first presented in draft form to the Audit and Risk Committee, and then finally certified following a full meeting of the Board.

In order to provide a quality price setting disclosure within the current 40 working day timeframe, Auckland Airport would be required to have prepared the price setting disclosure for approval and certification by 18 July 2012, that is, in time for the Audit and Risk Committee meeting on 26 July 2012. This takes into account the fact that Board papers are due at least one week prior to Board meetings. Not only does this timeframe present significant challenges from a resourcing perspective (this concern is discussed above at point (a)), it is contrary to Auckland Airport's standard governance practices as the full Board would not have had an opportunity to fully consider the price setting disclosure (there is no full meeting of the Board scheduled for July).

If Auckland Airport's standard governance practices were to be met based on the existing Board agenda, Auckland Airport's proposed timeframe would be as follows:

- Draft price setting disclosure provided to the Audit and Risk Committee for consideration on 26 July 2012; and
- To present a final draft to a full meeting of the Board for certification on 29 August 2012.

- (iii) **Director certification:** Auckland Airport maintains that given the serious consequences of a director incorrectly certifying compliance of the price setting disclosures with the information disclosure requirements, it is essential that the timeframes for disclosure allow sufficient time for the directors to understand the disclosure requirements and satisfy themselves that the disclosure complies, in all material respects, with the disclosure requirements. Auckland Airport believes that the current timeframe of 40 working days, particularly in light of the pre-planned Board meeting dates and the significant regulatory workload, may compromise the ability of directors to fulfil this requirement.

Based on the factors described above, Auckland Airport believes an extension to its price setting disclosure would be entirely reasonable in the circumstances. Auckland Airport considers there would be no undue prejudice to interested parties by granting the requested price setting disclosure extension to Auckland Airport. This is primarily because the information that is to be released via the price setting disclosure is almost entirely sourced from the comprehensive suite of consultation materials, which the airlines have already been provided. Therefore Auckland Airport does not consider that the airlines will be adversely affected by a short delay to the public disclosure. Above all, Auckland Airport believes it is important that it has sufficient time to provide a quality disclosure to allow interested parties to assess whether the purpose of Part 4 is being met, which is the purpose of information disclosure regulation under Part 4 of the Commerce Act.

Please feel free to contact Adrienne Darling on (09) 255 9090 if you have any queries regarding the matters raised in this letter. Otherwise, we look forward to receiving the Commission's response to our request at its earliest convenience.

Yours faithfully



Simon Robertson  
**Chief Financial Officer**