

# AIRPORTS COUNCIL INTERNATIONAL

## ACI ASIA-PACIFIC & MIDDLE EAST SUBMISSION TO THE COMMERCE COMMISSION OF NEW ZEALAND

The Airports Council International Asia-Pacific & Middle East (ACI APAC & MID) submission on Auckland Airport's (AIAL) 2022-2027 Price Setting Event responds to the submissions that have been made on the process and issue paper review. This submission encompasses several key areas that have been raised in submissions: capital expenditure and pricing, transparency and consultation, regulatory framework, investment focus, economic and regional development, environmental sustainability, customer experience and service quality, future-proofing infrastructure, and a collaborative approach. ACI APAC & MID supports AIAL's strategic investments aimed at enhancing infrastructure resilience, stakeholder engagement, and compliance with regulatory standards, advocating for a sustainable, efficient aviation ecosystem. This submission aims to highlight AIAL's commitment to operational excellence, environmental responsibility, and stakeholder collaboration, positioning AIAL as a crucial hub for New Zealand's connectivity and economic growth.

### 1. Introduction:

#### 1.1. About ACI Asia-Pacific & Middle East

1.1.1. ACI operates in a federal manner, organised into five regions: ACI Asia-Pacific & Middle East, ACI Africa, ACI EUROPE, ACI Latin America and the Caribbean, ACI North America, and ACI World. ACI APAC & MID serves as the voice of 132 airport members, operating 623 airports across 47 countries/territories in Asia-Pacific and the Middle East regions.

1.1.2. ACI APAC & MID embodies the shared goals of its airport members by fostering professional expertise in managing and operating airports. The mission of ACI APAC & MID is to champion policies and offer services that empower its members to effectively cater to their passengers, workforce, and stakeholders. Essential to this endeavor is sufficient airport infrastructure, facility modernisation, and skilled airport staff, which together facilitate air connectivity, improve service quality for travelers, and contribute to economic development. The vision of ACI APAC & MID is to put Asia-Pacific and Middle East airports at the forefront of global aviation.

### 2. Background information on the review of Auckland Airport's 2022–2027 price setting event

2.1. The document published on 30 November 2023 outlines the Commerce Commission's scrutiny of Auckland Airport's pricing structure for the 2022—2027 period. It aims to assess the fairness of the airport's pricing decisions regarding consumer benefits, infrastructure investment, expenditure forecasts, pricing strategies, and innovation. The review also examines the airport's regulatory compliance and its approach to balancing investment, cost recovery, and service quality, ensuring that profit maximisation does not compromise these factors. Stakeholder input is sought to achieve a thorough evaluation.

# AIRPORTS COUNCIL INTERNATIONAL

2.2. ACI APAC & MID aims to provide the airport industry's perspective on the ongoing evaluation of Auckland Airport's price setting event, responding to the submissions made to date, focusing on the following:

2.2.1. **Strategic capital investment:** ACI APAC & MID appreciates Auckland Airport's forward-looking investment strategy, emphasising its alignment with global visions for sustainable aviation growth, capacity enhancement, and efficiency. The investment is critical for gaining a competitive edge at the international level.

2.2.2. **Economic and social impact:** The submission underscores the significant economic contributions of the aviation sector and airport infrastructure, with Auckland Airport's initiatives expected to bolster regional prosperity and job creation.

2.2.3. **Compliance with ICAO principles, regulatory framework, and best practices:** Auckland Airport's adherence to the ICAO principles and regulatory framework and its commitment to transparency and stakeholder engagement are highlighted, reflecting best practices in airport management. Notably, Auckland Airport's consultation process, which includes providing stakeholders with at least a four-month advance notice for any revisions or imposition of charges, exemplifies adherence to international best practice, primarily ICAO Doc 9082.

2.2.4. **Economic and environmental sustainability:** Auckland airport proposal is meant to modernise services and infrastructure to provide a safe, environmentally friendly, and high-quality output to present and future passengers.

2.3. ACI APAC & MID recognises that their contributions are provided during the stage of cross-submissions. This submission responds to the seven submissions that the Commerce Commission has received.

## 3. ACI APAC & MID's position on economic oversight of airports

3.1. A number of submissions considered that the economic regulation of airports in New Zealand required changes.

3.2. ACI APAC & MID's economic policies advocate for a market-driven approach to airport charges, emphasising competition as a key driver of the airport business. ACI APAC & MID argues that economic oversight should be proportionate to the market conditions of airports, advocating for light-handed models like those successfully implemented in Australia and New Zealand. These models allow airports flexibility in setting charges, aimed at ensuring sustainable operations and development.

# AIRPORTS COUNCIL INTERNATIONAL

- 3.3. Analysis of aeronautical revenues<sup>1</sup> found that heavy-handed forms of regulation did not result in lower charges than light or no regulation and in some cases such charges regulation are associated with higher charges, although this may partially be due to some price cap regulated airports having high CAPEX needs. At the same time, CAPEX is at similar levels for airports subject to light-handed and no regulation as they are for airports subject to heavy-handed regulation (although CAPEX at light-handed regulated airports is higher).
- 3.4. The impact of airport charges on airlines and consumers needs to be viewed in light of the benefits accrued to the traveling public as well as the broader socioeconomic benefits that are achieved related to infrastructure development This approach focuses on improving connectivity and offering a wider choice of flights through incentives and modulated charges, ensuring high service quality, and expanding commercial offerings available to travelers. By focusing on consumer needs, airports aim to provide a more satisfying and efficient travel experience, which includes reducing wait times, improving amenities, and ensuring a seamless journey. This strategy not only benefits passengers but also stimulates competition among airlines and airports, driving innovation and efficiency in the aviation industry.
- 3.5. According to ACI APAC & MID, while revenues from both passenger-related and airline-related charges account for as much as 54% of total airport revenues in 2019, it represents only 5% of the base airfare and ancillary charges. In narrowing down the impact of airport charges on aircraft operators specifically, ICAO data reveals that landing and other airport charges have remained in the realm of 4% of total airline operating expenses for decades. In fact, according to data from ICAO, in 2019, 2020 and 2021, landing and other airport charges as a percentage of total airline operating expenses represented 3.9%, 3.3% and 3.1% respectively.
- 3.6. Other factors, such as a comprehensive revision of the air service agreements, to incentivise the increase in the number of international destinations and the seats available at international routes, could provide more benefits to consumers on airfares than freezing airport charges.

## **4. The views of ACI APAC & MID on Auckland Airport's 2022-2027 price setting event**

- 4.1. ACI APAC & MID supports Auckland Airport's (AIAL) strategic initiatives for the 2022-2027 Price Setting Event. ACI APAC & MID dissents from the comments provided by airlines in their submissions to the current consultation, notably with regard to the airlines' opposition to the capital investment planned, the proposed WACC level, and the risk-sharing mechanisms that were introduced.

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<sup>1</sup> <https://www.intervistas.com/wp-content/uploads/2021/11/ACI-Airport-Charges-Policy-Brief-November-2021.pdf>

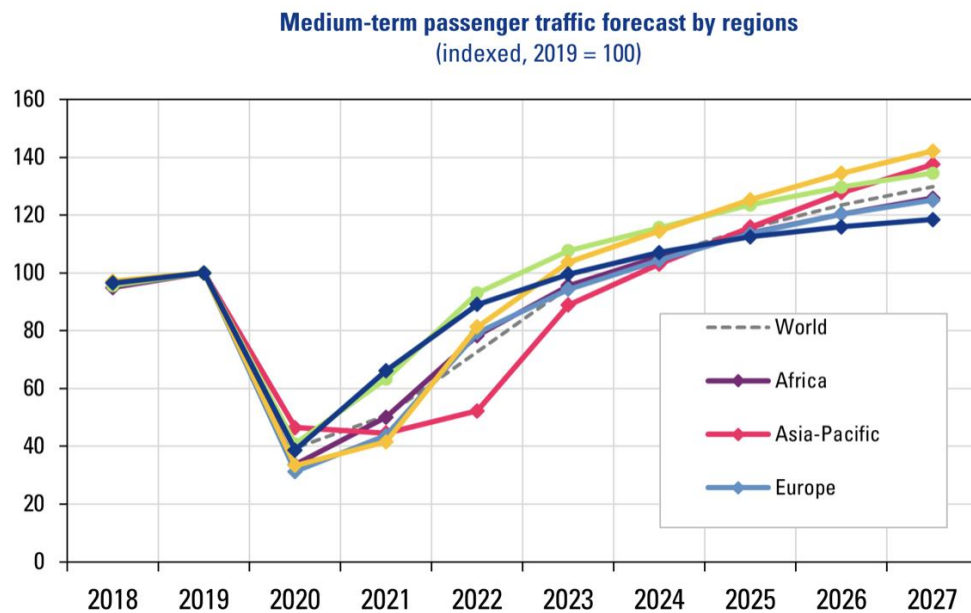
# AIRPORTS COUNCIL INTERNATIONAL

- 4.1.1. **Capital expenditure and pricing:** AIAL's investments ensure long-term infrastructure resilience and capacity, crucial for the aviation ecosystem's sustainability and efficiency. Notably, ACI APAC & MID recognises the critical role of strategic capital investment in ensuring the aviation sector's sustainable growth and resilience and generating social and economic benefit for the country and its communities. Auckland Airport's submission for the 2022-2027 Price Setting Event underscores a forward-looking capital expenditure strategy that exemplifies this approach.
- 4.1.2. **Growth and economic impact for the country and for the people:** ACI APAC & MID would like to stress the economic, social, and environmental benefits of Auckland Airport's proposed investments, demonstrating their alignment with international best practices and the United Nations Sustainable Development Goals (SDGs). In 2018, the aviation sector in the Asia-Pacific supported 46.7 million jobs and contributed US\$944 billion to the economy, highlighting the sector's critical role in employment and GDP growth. The significant role of the aviation sector in generating jobs and contributing to GDP in the Asia-Pacific underscores the economic impact of such investments. Auckland Airport's initiative is recognised as contributing to the wider economic prosperity and job market in New Zealand, echoing ACI APAC & MID's emphasis on the broader social and economic benefits of investing in airport infrastructure.
- 4.1.3. As the gateway to the country, Auckland Airport (AIAL) is pivotal in offering a consistent value proposition to both international and domestic passengers. AIAL's expansion significantly bolsters economic development and enhances New Zealand's global connectivity. This strategic development not only upgrades the airport's infrastructure and services but also serves as a key driver for tourism and trade, thereby creating employment opportunities, invigorating local economies, and promoting international business and cultural exchanges. Such efforts ensure New Zealand remains an accessible and attractive destination, reinforcing its position in the global aviation network and maintaining a unified value proposition across all passenger segments.
- 4.1.4. **A competitive offer in a competitive environment:** Auckland's submission is critical for maintaining competitiveness, accommodating anticipated passenger volumes, and achieving the collective economic, environmental, and technological advancement goals of the aviation industry at large. This is consistent with the practice already largely applied by other capital airports in the Asia-Pacific region. The plan submitted by Auckland Airport is aimed at filling the gap with other best-in-class airports that have already executed or are in the process of executing modernisation of airport infrastructure. Auckland Airport is no different from other airports in the region that are also undertaking significant investment in infrastructure. Notable examples in the Asia-Pacific region (there are many others globally) include:

# AIRPORTS COUNCIL INTERNATIONAL

- 4.1.4.1. **Hong Kong** International Airport is embarking on a significant expansion with an investment of **USD 19.3 billion**. This project includes the construction of a new runway, taxiways, aprons, and terminal expansion to enhance its capacity and operational efficiency.
- 4.1.4.2. **Bangkok** Suvarnabhumi International Airport has allocated **USD 6.5 billion** for its expansion efforts. These efforts include the addition of a new runway and apron resurfacing, aimed at accommodating the growing air traffic and improving the airport infrastructure.
- 4.1.4.3. **Ho Chi Minh City** Tan Son Nhat Airport is dedicating **USD 2.7 billion** to terminal and apron expansion. This investment also covers the consideration of a possible third runway to support the increasing number of flights and passengers.
- 4.1.4.4. **Jakarta** Soekarno-Hatta International Airport is investing **USD 1.8 billion** in the construction of a new terminal, the redevelopment of existing terminals, and the addition of other facilities. This development is part of the airport's strategy to enhance its service quality and capacity.
- 4.1.4.5. **Brisbane** Airport has announced its intentions to spend AUD 5 billion (approximately **USD 3.3 billion**) on terminal capital expenditure. This investment is geared towards upgrading and expanding its terminal facilities to meet future demand and improve the passenger experience.
- 4.1.4.6. **Melbourne** Airport is planning to build a third runway. This development is part of its strategy to accommodate the forecasted growth in air traffic, ensuring that the airport can handle the increasing passenger and aircraft movements efficiently.
- 4.1.5. These investments reflect the global trend of airports expanding and upgrading their facilities to address the anticipated growth in air travel, enhance passenger experience, and support economic growth.
- 4.1.6. According to the latest ACI World forecast, the Asia-Pacific region is showing the largest passenger recovery in 2023, expected to reach close to 3 billion passengers. In 2024, the region will continue its growth and is expected to attain 3.5 billion or 103% of the 2019 level. See Chart 1 representing the indexed medium-term passenger traffic forecast. In the current scenario, the region is forecasted to be near 3.9 billion passengers by the end of 2025.

**Chart 1: Indexed medium-term passenger traffic forecast by ACI**



Source: ACI World Airport Traffic Forecasts (WATF) 2023–2052

4.1.7. The Asia-Pacific region is anticipated to need significant capital expenditure, totaling approximately US\$1.3 trillion from 2021 to 2040, to accommodate expected traffic growth. This investment is segmented into US\$70.7 billion for the near term (2021–2022), US\$136.8 billion for the medium term (2023–2025), and US\$1.12 trillion for the long term (2026–2040). To address this demand, there is a strong focus on new greenfield projects in the region, aiming to fulfill the rising need for aviation services, with around US\$579 billion earmarked for such projects over the same period. Moreover, the Asia-Pacific plans to allocate over US\$736 billion towards brownfield projects, concentrating on the upkeep and enlargement of current airport infrastructure. Auckland Airport's strategy mirrors this approach, showcasing a balanced and strategic investment in both new and existing facilities to manage future passenger influxes effectively. This method aligns with the broader industry's vision for thorough and eco-friendly infrastructure development, ensuring airports are well-equipped to handle the forecasted traffic surge.

4.1.8. Auckland Airport's pledge to invest \$6.7 billion NZD in aeronautical assets over the coming ten years is a much-needed investment to enhance capacity, modernise airport facilities and provide a competitive offer in a fast-growing Region. The merging of domestic and international terminals, along with improvements to the international terminal and airfield facilities, aims to meet

# AIRPORTS COUNCIL INTERNATIONAL

standards already widely adopted by other airports in the region. Such enhancements should be prioritised to improve passenger service and encourage international traffic.

- 4.1.9. COVID-19 has clearly demonstrated that the airport sector is not a risk-free business. Like many asset-intensive businesses, the airport cost structure is characterised by predominantly high fixed costs in the operation and maintenance of major infrastructure components, such as runways and terminal buildings. However, the COVID-19 pandemic and resultant travel bans placed the airport business in survival mode. With restrictions on travel and the collapse in air transport demand, airport operators had neither sufficient traffic to drive down unit costs and achieve economies of scale nor to generate aeronautical or commercial revenues to cover costs and service debt levels.
- 4.1.10. State entities responsible for the economic oversight of airports have a role in allowing for the recompense of unrecovered costs following a crisis and striking an appropriate balance with users of infrastructure. This could be in the form of gradual increases in charges or some other agreed consideration. However, if costs remain unrecovered and charges static following a black swan event, this will further reveal the inherent downside asymmetric risk that airports face with major traffic declines. If regulatory frameworks do not remedy this one-sided asymmetric risk, the risk premium required by debt and equity holders increases, thereby pushing up the cost of capital. This would have upward pressure on future airport charges.
- 4.1.11. During the COVID-19 pandemic, Auckland Airport faced significant revenue losses exceeding \$500 million NZD, a situation exacerbated by its practice of locking in prices for five-year periods, which prevented any interim adjustments to compensate for the unforeseen downturn. Some governments in other countries have opted for supporting the aviation system, through massive subsidies for airlines and, in certain cases, through incentives for airport operators in terms of subsidies (e.g., in the United States), ex-post increase in airport charges (e.g., Amsterdam Airport Schiphol, was able to recover losses by increasing airport charges by 37% over several years), or extension of airport concession agreements (e.g., in Brazil). On the contrary, Auckland Airport could not pursue a similar path to mitigate its pandemic-related financial shortfall. This approach, while beneficial in terms of cost savings, left the airport more vulnerable to the financial impact of global disruptions such as the COVID-19 pandemic, without a mechanism for quick financial recovery akin to those employed in other parts of the world. In the longer term, the overall quality of service for passengers and airlines would be impacted without a timely and adequate adjustment in airport charges.

# AIRPORTS COUNCIL INTERNATIONAL

4.1.12. Historically, Auckland Airport has adjusted charges often below the rate of inflation, reflecting moderate levels of investment during this period. Now that it is looking to increase investment, it is expected that charges should be increased accordingly.

## 4.2. Adherence to the regulatory framework and best practices

4.2.1. **Regulatory framework:** ACI APAC & MID acknowledges Auckland Airport's exemplary compliance with the regulatory framework under Part 4 of the Commerce Act 1986. Auckland Airport's submission highlights a strong commitment to transparency through detailed annual disclosures and price setting processes. This approach aligns with the regulatory goals of ensuring airport businesses act in ways that benefit consumers over the long term, showcasing Auckland Airport as a model of regulatory adherence and consumer-focused operations.

4.2.2. **Adherence to regulatory guidance:** Auckland Airport's submission process included detailed calculations of its Weighted Average Cost of Capital (WACC) for the PSE4 period, using key figures such as a post-tax WACC of 8.73%, reflecting adherence to regulatory guidance and ensuring that the airport's target return is aligned with fair investor expectations and consumer interests. The WACC at Auckland Airport, marked at 8.73%, stands in close alignment with both global and regional benchmarks, with the world benchmark at 8.56% and the Asia-Pacific region at 8.93%. This positioning underscores Auckland Airport's adherence to international financial standards, showcasing its efficiency in managing financial obligations and investments relative to its peers worldwide.

Further analysis into Auckland Airport's financial performance, particularly through the lens of Return on Invested Capital (ROIC) compared to its WACC, offers insight into the airport's economic returns. During the PSE3 regulatory period, Auckland Airport faced real economic losses, primarily attributed to the impacts of the COVID-19 pandemic, which disrupted global and regional air travel significantly. These losses underscore the challenges faced by the airport in generating returns above its cost of capital during periods of unprecedented global crises. Looking ahead, the PSE4 regulatory period presents a pivotal opportunity for Auckland Airport to rectify its economic performance and aim for real economic returns. The necessity to generate a ROIC that meets its WACC is paramount, not just for financial sustainability but also for signaling to investors and stakeholders the airport's capability to navigate through recovery and growth phases post-pandemic. This forward-looking approach is critical for Auckland Airport as it seeks to rebuild and enhance its financial health, ensuring its operations and investments yield positive economic returns in alignment with, or exceeding, the cost of capital, thereby reflecting a robust recovery and growth trajectory in the post-pandemic era.



# AIRPORTS COUNCIL INTERNATIONAL

- 4.2.3. **Transparency and consultation:** AIAL commits to enhancing stakeholder engagement, adhering to transparency and consultation best practices.

Auckland Airport (AIAL) is committed to elevating its stakeholder engagement processes, in compliance with the principles of transparency and open consultation. This commitment is manifested through proactive communication channels and platforms that facilitate a two-way dialogue between AIAL and its stakeholders, including airlines, passengers, regulatory bodies, and the local community. By incorporating feedback mechanisms and regularly sharing updates on developments and operational strategies, AIAL aims to build trust and foster collaborative relationships. Adhering to best practices in transparency and consultation ensures that stakeholders are well-informed and involved in decision-making processes, thereby enhancing mutual understanding and support for AIAL's strategic initiatives.

- 4.2.4. **Commitment to stakeholder engagement:** Auckland Airport's practices demonstrate a strong commitment to meaningful stakeholder engagement, aligning with ACI APAC & MID recommendations for fostering a collaborative environment. A fundamental requisite of any consultation is that the airport's practice to collect airline feedback and the airport's endeavor to reach consensus with airport users are without prejudice to the airport's autonomy to decide the appropriate price setting consistent with the proposed infrastructure plan and the objective to provide a socially and economically sustainable benefit to the communities that it serves.

- 4.2.5. Ensuring effective consultation with users of airport infrastructure, in line with ICAO principles and global best practices, remains a cornerstone of ACI APAC & MID's collaborative efforts with all stakeholders in the aviation ecosystem. ICAO's Policies on Charges for Airports and Air Navigation Services (Doc 9082) underscores the importance of consultation before changes in charging systems or levels of charges are introduced, highlighting the need for adequate information provision to users and proper consideration of their views and the impacts of charges. It advocates for agreement between providers and users, while acknowledging the provider's autonomy to set charges if consensus is not reached.

- 4.2.6. Based on a careful assessment of Auckland Airport's submission timelines and the process governing consultation with airline bodies, ACI APAC & MID can affirm that the airport operator is fully aligned with national and international requirements set by ICAO related to industry best practices. **By consulting with airlines for over one year before publishing its PSE4 Pricing Decision on 8 June 2023, Auckland Airport adhered to the ICAO guidelines of providing at least a four-month advance notice to airlines and their representative organisations for consultation on charge revisions, aligning with**

# AIRPORTS COUNCIL INTERNATIONAL

## international best practices in aviation consultation and transparency.

Auckland Airport has demonstrated an exemplary commitment to collaboration by engaging in a year-long intensive consultation process with its airline users. This effort surpasses established benchmarks and showcases an exceptional level of goodwill, underscoring the airport's dedication to fostering a constructive dialogue and partnership with its stakeholders in the aviation community.

4.2.6.1. **Structured and transparent consultations:** Auckland Airport's structured approach to engaging with airlines, providing clear timelines, and distributing supporting documentation well in advance of consultations, mirrors ICAO's recommendations. These include giving users the opportunity to submit their views, providing advance notice of final decisions, and ensuring that all consultations are conducted with clarity and transparency, allowing for informed comments and participation from all interested parties (ICAO Doc 9082, Sections 17-21). This ensures that all stakeholders have the necessary information to engage constructively in discussions about airport charges and investment plans.

4.2.6.2. **Transparency in capital expenditure plans:** By openly sharing information on capital expenditure and new infrastructure projects that are financed by airport charges, Auckland Airport adheres to ICAO guidance on transparency. This ensures that airlines and other stakeholders are fully aware of how these investments may impact airport charges, promoting an understanding of the rationale behind charge adjustments.

4.2.6.3. **Proactive information sharing and feedback incorporation:** Auckland Airport's proactive approach to sharing information, including operational and financial performance indicators, and incorporating feedback from airlines into their planning and decision-making processes, exemplifies ICAO principles and best practices at the national level. This reciprocal transparency and engagement facilitate a partnership approach to developing an airport infrastructure that meets the needs of all users while supporting growth and sustainability objectives.

4.2.6.4. **Compliance with safety, security, and service quality standards:** The framework allows AIAL to maintain high safety, security, and service quality standards through necessary infrastructure investments.

4.2.7. **The regulatory framework governing Auckland Airport (AIAL) plays a crucial role in enabling the airport to uphold high standards of safety, security, and service quality.** This framework ensures that AIAL's infrastructure investments are not just aimed at expansion and modernisation but are also focused on maintaining a secure and efficient environment for passengers and cargo. By adhering to regulatory guidelines, AIAL is able to implement state-of-the-art technologies and processes that enhance operational efficiency,

# AIRPORTS COUNCIL INTERNATIONAL

contribute to sustainable practices, and ensure the safety and security of all airport users. This regulatory oversight encourages continuous improvement and innovation in service delivery, aligning AIAL's operations with international best practices.

- 4.2.8. Auckland Airport's strategic investments are aimed at future-proofing its infrastructure to accommodate technological advancements, evolving security measures, and the anticipated growth in air travel demand.** This forward-looking approach involves integrating the latest technologies for operational efficiency, enhancing security protocols to meet global standards, and expanding capacity to handle future passenger and cargo volumes. By doing so, Auckland Airport ensures it remains a key player in the global aviation industry, ready to adapt to changes and meet future challenges head-on.
- 4.2.9. Customer experience and service quality:** Investments in passenger facilities aim to elevate the travel experience, ensuring airport competitiveness and customer satisfaction. Therefore, Auckland Airport's investment in passenger facilities is strategically designed to enhance the overall travel experience, directly contribute to heightened customer satisfaction, and maintain the airport's competitiveness. By upgrading and expanding terminals, introducing advanced technologies for smoother check-ins and security processes, and enhancing amenities such as shopping, dining, and lounge areas, AIAL aims to provide a comfortable, efficient, and enjoyable airport environment. These improvements are crucial for meeting the evolving needs and expectations of travelers, ensuring a positive and memorable airport experience. Auckland Airport's current Airports Service Quality (ASQ) score stands at 4.04, which is below the Asia-Pacific regional average of 4.73 and the national average for New Zealand at 4.14. These figures make it clear that there is room for improvement in service quality at Auckland Airport. Acknowledging this, Auckland Airport is fully committed to making the necessary investments to enhance the passenger experience and elevate its ASQ score, aiming to meet and exceed the higher regional and national benchmarks. This is part of Auckland Airport's ongoing efforts to prioritise customer satisfaction and maintain its competitive edge in the aviation industry.
- 4.2.10. Economically and environmentally sustainable focus:** AIAL's holistic development strategy supports passenger and cargo service growth, recognizing their mutual importance.
- 4.2.10.1.** Auckland Airport's (AIAL) investment strategy adopts a holistic approach to development, carefully balancing the growth of both passenger and cargo services. This strategy recognises the interdependent nature of these services, understanding that enhancements in one area can lead to improvements in the other. By investing in infrastructure that supports both passenger convenience and cargo efficiency, AIAL ensures that it can

# AIRPORTS COUNCIL INTERNATIONAL

accommodate the increasing demands of global trade and travel, driving economic benefits while maintaining its commitment to operational excellence and customer satisfaction. This comprehensive focus is crucial for sustaining AIAL's position as a key hub in the Asia-Pacific region.

4.2.10.2. A significant investment in services and infrastructure for passengers is justified by the fact that income from passenger traffic significantly enhances airports' ability to recover investment costs, offering a much higher return compared to cargo services. This financial dynamic underscores the strategic importance of focusing on passenger-oriented developments, ensuring that infrastructure and service enhancements aimed at improving passenger experiences directly contribute to the airport's financial health and its capacity to fund future investments. There is a direct correlation between overall passenger satisfaction and spending at the airport. ACI APAC & MID analysis shows that a 1% increase in passenger satisfaction results in a 1.5% increase in non-aeronautical revenue at airports, and that the increase from passenger satisfaction is much greater than from increased passenger traffic or commercial space at airports.

4.2.11. **Environmental sustainability:** Commitment to sustainable development includes reducing emissions, managing noise, and promoting green building standards.

4.2.11.1. AIAL has reached Level 4 of the Airport Carbon Accreditation (ACA) Programme, having defined a long-term carbon management strategy oriented towards absolute emissions reductions, aligned with the objectives of the Paris Agreement. The airport is also actively engaged in driving third parties towards delivering emissions reductions. The investment plan submitted by Auckland Airport is fundamental for ensuring future decarbonisation according to the long-term objective to reach and maintain a Net Zero carbon balance on Scopes 1 and 2, and to address Scope 3 emissions sources that it can significantly influence on the pathway to Net Zero.

4.2.11.2. Auckland Airport's (AIAL) commitment to environmental sustainability is multifaceted, focusing on reducing carbon emissions, managing noise pollution, and adhering to green building standards. This comprehensive approach ensures that AIAL's expansion and operational practices minimise environmental impact, contributing to global efforts against climate change. By implementing cutting-edge technologies and sustainable practices, AIAL aims to reduce its carbon footprint, ensure energy efficiency, and promote a healthier environment for the community and ecosystems surrounding the airport.

# AIRPORTS COUNCIL INTERNATIONAL

- 4.3. ACI APAC & MID urges stakeholders to recognise the comprehensive benefits of AIAL's approach, supporting a regulatory environment conducive to sustainable aviation growth.

## 5. Conclusion and way forward

- 5.1. ACI APAC & MID supports Auckland Airport's Auckland Airport's 2022-2027 price setting event for its potential to contribute to the aviation industry's resilience and sustainable growth, advocating for stakeholder recognition of these long-term benefits.
- 5.2. We encourage stakeholders to acknowledge the long-term benefits of these strategic investments, which will enhance the airport's capacity, efficiency, and sustainability, ensuring its continued success in the global aviation landscape. Auckland's adherence to international best practices regarding the consultation process and timelines should also be noted.
- 5.3. ACI APAC & MID remains committed to working with your authority, the aviation stakeholders, and the broader community to ensure a holistic understanding of Auckland Airport's contributions to the aviation ecosystem, regional development, and consumer benefits. This engagement will aim to foster a more inclusive and balanced dialogue, advocating for policies and practices that support sustainable airport operations and growth.

## 6. Key contacts

[Redacted contact information]

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