

14 August 2019

Jenna Raeburn
Head of Regulatory Affairs
Wellington International Airport
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Wellington 6241

Dear Jenna

Exemption request response – Exemption for Wellington International Airport Limited information disclosure for the price setting disclosure due 20 August 2019

1. We refer to your letter of 23 July 2019 (and subsequent updated letter on 31 July 2019) in which you requested the Commerce Commission (**the Commission**) grant Wellington International Airport Limited (**Wellington Airport**) an exemption from disclosing certain information as required by Clause 2.5(1) of the Airport Services Information Disclosure Determination 2012 (**the Airport ID Determination**). You have requested that the Commission exempt Wellington Airport from disclosing this information until 1 June 2020.

Wellington Airport's price setting disclosure requirements

2. Clause 2.5(1) of the Airport ID Determination requires an airport to disclose certain information relating to its forecast total revenue requirement. This disclosure must be made either within 40 working days following a decision to fix or alter a price (which triggers a price setting event (**PSE**)), or within five consecutive years of the airport's previous disclosure under Clause 2.5(1).
3. Wellington Airport's most recent disclosure under 2.5(1) was made on 20 August 2014 and it has not fixed or altered a price to trigger a PSE since then. Wellington Airport is therefore required to make a disclosure as outlined in Clause 2.5(1) by 20 August 2019.

Reasons for the request for exemption

4. Under the Airport Authorities Act 1966, Wellington Airport is required to consult with its customers in respect of its charges before they are set and within five years after setting or altering its charges. Wellington Airport has stated that it is currently engaged in a programme of consultation with its customers regarding its forward pricing for PSE4. Wellington Airport has informed us that it has agreed with its customers a 12-month extension to this consultation to allow it to work through the consultation on its draft 2040 Master Plan.

5. Wellington Airport has stated that it would be pre-emptive to disclose its revenue requirements (through the Clause 2.5(1) disclosures) until it has finalised its capital expenditure plan and consulted with its customers. Wellington Airport also believes that it is important to complete its pricing consultation before it can provide accurate and meaningful disclosure.
6. Wellington Airport has provided the Commission with its proposed timetable for consultation which outlines that its final pricing document will be issued on 6 March 2020 with the new prices effective from 1 April 2020.
7. Wellington Airport also notes that prices for the pricing period beginning 1 April 2019 until 30 March 2024 will not be set until April 2020. As a consequence, it is unable to prospectively disclose its revenue requirements for the period 1 April 2019 to 30 March 2020. Any over or under-payment by airport customers during this period will be dealt with by a wash-up mechanism once prices are set for the entire PSE4 period.
8. We note that Wellington Airport has kept the Commission informed of its consultation programme with customers.

Exemptions granted

9. The Commission considers that the extension of time for Wellington Airport to provide its pricing and associated disclosures is appropriate in the present circumstances.
10. Allowing Wellington Airport additional time for this disclosure will allow it to complete its consultation programme with customers regarding its forward pricing and draft 2040 Master Plan before prices for the PSE4 period are set.
11. Therefore, under clause 2.9 of the Airport ID Determination, the Commission grants Wellington Airport the following exemption for the Price Setting Event disclosure for the pricing period starting 1 April 2019 to 31 March 2024.
 - 11.1 The Commission exempts Wellington Airport from the requirement in Clause 2.5(1) of the Airport ID Determination which would have required Wellington Airport to disclose, by 20 August 2019, information relating to its forecast total revenue for PSE4.
 - 11.2 This exemption is granted on the condition that Wellington Airport discloses the information required by Clause 2.5(1) of the Airport ID Determination by 1 June 2020.

Further information

12. This exemption may be revoked or amended in accordance with clause 2.9.1(b) of the Airport ID Determination.

13. A copy of this exemption response letter will be published on the Commission's website.
14. If you have any questions regarding this matter, please contact regulation.branch@comcom.govt.nz.

Yours sincerely



Sue Begg

Deputy Chair