



COMMERCE COMMISSION

Please refer to:

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12 October 2011

Martin Harrington
Chief Financial Officer
Wellington International Airport Limited
PO Box 14175
Wellington 6241

Dear Martin

Transitional Provisions for Disclosure Following Price Setting Event

Thank you for your email of 30 September 2011 requesting exemptions from some of the transitional requirements of the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 concerning disclosures to be made following a price setting event.

As was confirmed by email on 16 September, the Commission has agreed to extend the due date for these public disclosures to 31 October 2011. This letter confirms the exemptions that are granted to WIAL for this disclosure. The exemptions are set out in the attached schedule.

Similar exemptions were sought by Auckland and Christchurch airports. The attached schedule also sets out the exemptions granted to those airports. I note that not all exemptions apply to all airports.

In summary, the exemptions are:

- to correct for drafting errors in the determination (exemptions 1–3);
- for information to be disclosed under clause 2.10(3) that airports have advised the Commission is not available (exemptions 4–8). Airports advised that this is because the requirements were not contemplated at the time of the transitional price setting event; and
- for the requirement to provide director certification of information that is disclosed pursuant to clause 2.5 as required under clause 2.10(3) (exemption 9).

The drafting errors identified will be corrected before the next price-setting disclosures are due. We will also clarify the information that is required to be certified by two directors pursuant to clause 2.10(3).

The extension to 31 October 2011 and the exemptions provided in this letter recognise the transitional nature of this disclosure. It is our understanding that all airports are collecting the

necessary information to be able to complete these disclosures fully and on time in future, including the certification by two directors.

If you have any further questions relating to these disclosures or would like to discuss this letter, please contact Karen Murray (Manager, Regulation Branch) on 04 924 3823.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J Hamill', with a stylized flourish at the end.

John Hamill
General Manager Regulation

SCHEDULE 1: LIST OF EXEMPTIONS PROVIDED

#	Description	Exemption Provided ¹	References to exemption request ²
1	Clause 1.4: definition of forecast operational expenditure	<p>When complying with clause 2.10(3), airports are exempted from the requirement to apply the clause 1.4 definition of forecast operational expenditure. The term must instead be interpreted to mean ‘<i>operational expenditure used by an airport in determining the airport’s total revenue requirement for the purposes of consultation undertaken as part of the price setting event.</i>’</p> <p>That is, operational expenditure will cease to be a defined term in this definition and consequently no link to the IM determination will be required.</p>	<p>Item 3 of AIAL request</p> <p>Item 29 of CIAL request</p> <p>Item 1 of WIAL request</p>
2	Clause 2.5(1)(e): aims and objectives of any proposed investments	<p>When complying with clause 2.10(3), airports are exempted from the requirement in clause 2.5(1)(e) of “publicly disclosing the airport’s forecast capital expenditure by category and key capital expenditure project as disclosed in accordance with Schedule 18 and the aims and objectives of any proposed investments.”</p> <p>The airport must instead publicly disclose the aims and objectives of each key capital expenditure project as disclosed in accordance with Schedule 18.</p>	<p>Item 6 of AIAL request</p> <p>Item 2 of WIAL request</p>
3	Schedule 18b(i)–(ii): Information in respect of Year 0	<p>When complying with clause 2.10(3), airports are exempted from the requirement in clause 2.5(1)(a) to disclose in Schedule 18(b)(i) and (ii) information in respect of Year 0, the year preceding the pricing period starting year.</p>	<p>Item 2 of AIAL request</p>

#	Description	Exemption Provided ¹	References to exemption request ²
4	Clauses 2.5(1)(a) & 2.5(1)(f): all information relating to the specified airport services	<p>When complying with clause 2.10(3), Auckland International Airport Ltd and Christchurch International Airport Limited are exempted from the requirements in:</p> <ol style="list-style-type: none"> 1. clause 2.5(1)(a) to insert in the Schedule 18 Report on Total Revenue Requirements “all information relating to the specified airport services supplied by the airport for that disclosure year”. <p>The airport must, however, insert in the Schedule 18 Report on Total Revenue Requirements all information relating to the forecast total revenue requirements consulted on by the airport for that disclosure year as part of the price setting event immediately preceding the commencement date.</p> <ol style="list-style-type: none"> 2. clause 2.5(1)(f) of “publicly disclosing, for the period of five consecutive years following the price setting event, a description of each key capital expenditure project”. <p>The airport must, however, publicly disclose, for the period of five consecutive years following the price setting event, a description of each key capital expenditure project as disclosed in accordance with Schedule 18.</p>	<p>Item 1 of AIAL request</p> <p>Items 25 & 28 of CIAL request</p>
5	Schedule 18(b)(iv), Forecast operational expenditure by category	<p>When complying with clause 2.10(3), airports are exempted from the requirement in clause 2.5(1)(a) to disclose in Schedule 18(b)(iv) forecast operational expenditure by three categories: corporate overheads; asset management and airport operations; and asset maintenance.</p> <p>When complying with clause 2.10(3), airports are exempted from the entirety of clause 2.5(1)(g). However, the assumptions and justifications that would otherwise be made under clause 2.5(1)(g) in respect of the aggregate forecast operational expenditure must be disclosed under clause 2.5.1(c)(iii).</p>	<p>Item 4 of AIAL request</p> <p>Item 26 of CIAL request</p> <p>Items 3 & 5 of WIAL request</p>
6	Schedule 18b(iii): Forecast capital expenditure and components of the forecast	<p>When complying with clause 2.10(3), Auckland International Airport Ltd and Christchurch International Airport Limited are exempted from the clause 2.5(1)(a) requirement to disclose in Schedule 18(b)(iii) a 10 year forecast of capital expenditure and the components of that forecast, except that if the airport has such forecast numbers available for any of the 10 years and that forecast information was used by the airport in its decision to set prices for the price setting event immediately preceding the commencement date, then those numbers must be disclosed.</p>	<p>Item 5 of AIAL request</p> <p>Item 24 of CIAL request</p>

#	Description	Exemption Provided ¹	References to exemption request ²
7	Schedule 19: Forecasts of busy period passenger numbers and aircraft movements	<p>When complying with clause 2.10(3), airports are exempted from the clause 2.5(1)(a) requirement to disclose in Schedule 19(a) 10 year forecasts of busy hour passenger numbers and in Schedule 19(b) 10 year forecasts of busy hour and busy day aircraft movements, except that</p> <p>a) if the airport has such forecast numbers available for any or each of the 10 years and that forecast information was used by the airport in its decision to set prices for the price setting event immediately preceding the commencement date, then those numbers must be disclosed; and</p> <p>b) if the airport has used other forecasts in determining the need for key capital expenditure projects, these forecasts must be disclosed.</p>	<p>Item 7 of AIAL request</p> <p>Item 27 of CIAL request</p> <p>Item 6 of WIAL request</p>
8	Schedule 19: Forecasts of annual passenger numbers and aircraft movements	<p>When complying with clause 2.10(3), Auckland International Airport Ltd and Christchurch International Airport Limited are exempted from the clause 2.5(1)(a)(ii) requirement to disclose in Schedule 19(a) 10 year forecasts of annual passenger numbers and the requirement to disclose in Schedule 19(b) 10 year forecasts of annual aircraft landings for years outside the pricing period, except that if the airport has such forecast numbers available for any of the 10 years and that forecast information was used by the airport in its decision to set prices for the price setting event immediately preceding the commencement date, then those numbers must be disclosed.</p>	<p>Item 7 of AIAL request</p> <p>Item 27 of CIAL request</p>
9	Clause 2.7(2): Directors' certification	<p>Airports are exempted from the clause 2.7(2) requirement to publicly disclose a certificate in the form set out in Schedule 21 in respect of the information required to be disclosed pursuant to clause 2.5 for the price setting event immediately preceding the commencement date as required under clause 2.10(3).</p>	<p>AIAL request (unnumbered item)</p> <p>Item 33 of CIAL request and the subsequent meeting on 29 October with CIAL's legal adviser</p> <p>Item 4 of WIAL request</p>

Notes:

¹ The exemptions granted are to individual requirements or to parts of the requirements of the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 (Determination). Terms in bold type have the meaning given to those terms in clause 1.4 of the Determination.

² Airport requests for exemptions are posted on the Commission's website. Refer: *Auckland International Airport Limited (AIAL)*, email of 28 September 2011; *Christchurch International Airport Limited (CIAL)*, email of 28 September 2011; and *Wellington International Airport Limited (WIAL)*, email of 30 September 2011.