

**COMMERCE ACT (SPECIFIED AIRPORT SERVICES INFORMATION DISCLOSURE) DETERMINATION 2010  
DISCLOSURES FOLLOWING PRICE SETTING EVENT  
COMMERCE COMMISSION RESPONSES TO REQUESTS FOR TECHNICAL GUIDANCE/CLARIFICATION**

Version updated: 16-Sep-11

#	Date of query	Party querying	Template/clause reference	Guidance/clarification sought	Commission response	Status of request
1	6 September 2011	AIAL	Schedule 18	This schedule appears to provide for the forecast revenue requirements for all specified activities. However for AIAL some specified activities (e.g. Aircraft and freight activities) were not part of the revenue forecasting at the time of the last price setting analysis.	The intention of Schedule 18 is to disclose information regarding the total revenue requirement for all specified airport services. However, given that airports are unlikely to have prepared information for the most recent price setting event on this basis the Commission will provide an exemption so that only that which was consulted on is required to be disclosed pursuant to clause 2.10(3).	Pending - exemption
2	6 September 2011	AIAL	Schedule 18	Schedule 18 creates some challenges in terms of the manner in which the information is represented, however we understand the Commission's intention is for the "other factors" disclosure line to capture key differences to the pricing forecasts.	Factors that do not appropriately fit in the specified categories should be entered in the 'other factors' box. Other factors are required to be described in the comment box or as supplementary material.	Resolved
3	6 September 2011	AIAL	1.4 Interpretation	"Forecast operational expenditure" is defined in the ID Determination as the forecast "operational expenditure", however, "operational expenditure" is defined as the operating costs after applying Part 2 of the IM Determination.	Definitions applying to clause 2.5 disclosures are not intended to use the defined term 'Operational expenditure'. Either the requirements will be updated or, as a temporary measure, an exemption will be provided.	Pending - update to requirements or exemption
4	6 September 2011	AIAL	2.5(1)(e), 2.5(1)(f)(i)	Description of "aims and objectives" under clause 2.5(1)(e): what distinguishes this requirement from the requirement under clause 2.5(1)(f)(i)?	Sub clause 2.5(1)(e) relates to 10 years, sub clause 2.5(1)(f) relate to 5 years. In clause 2.5(1)(e) Aims and objectives description should only relates to key capital expenditure projects and not 'any proposed investments'. Either the requirements will be updated or, as a temporary measure, an exemption will be provided.	Pending - update to requirements or exemption
5	6 September 2011	AIAL	2.5(1)(c)(x)	Please clarify how clause 2.5(1)(c)(x) should apply if no clause 2.3 disclosure had been made at the time of the FY08 price setting event.	No disclosure is required in accordance with clause 2.5(1)(c)(x) for the September 2011 disclosure as there has not been a disclosure in accordance with clause 2.3, therefore it is not applicable to include an explanation of the difference.	Resolved
6	6 September 2011	AIAL	2.5(1)(d)	Please clarify how clause 2.5(1)(d) should apply if no clause 2.3 disclosure had been made at the time of the FY08 price setting event.	A valuation report is required in accordance with clause 2.5(1)(d) for the September 2011 disclosure as the forecast value of assets employed is based on a value other than that used for the purpose of a disclosure under clause 2.3	Resolved
7	6 September 2011	AIAL	Schedule 18b (iii)	The note to Schedule 18b(iii) states that year 0 disclosure applies only if the pricing period starting year and the year of the most recent disclosure do not coincide. The pricing period starting year was FY08. The year of the most recent disclosure would be FY11, therefore we conclude that this would not apply for the initial disclosure. Please confirm that there is no need to seek an exemption.	The note in Schedule 18b(iii) requires airports to disclose the roll-forward of the asset base from the most recent disclosures to the asset base used for the price setting event where they do not coincide. This is not applicable for the clause 2.10(3) disclosure, accordingly the Commission will provide an exemption to this requirement for the purposes of clause 2.10(3).	Pending - exemption

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8	6 September 2011	AIAL	Schedule 18b(iv)	The forecasts of operating costs available for the FY08 price setting event were not split into the activities required under 18b(iv): corporate overheads, asset management and airport operations, asset maintenance.	The Commission will provide airports an exemption from being required to disclose forecast operational expenditure by category for the clause 2.10(3) disclosure. Airports will still be required to disclose total forecast operational expenditure.	Pending - exemption
9	6 September 2011	AIAL	Clause 2.5	Certain information regarding the airport's pricing methodologies may not be on file, e.g. the airport may not have information regarding the extent of rebalancing or the existence of cross subsidies. To give directors confirmation, the airport requests guidance on what is required .	Refer #19	Resolved
10	6 September 2011	NZAA	2.5(2)(c)	Should 'cross subsidies' be clarified? This may be an issue for both the FY08 and subsequent price setting event disclosures. NZAA suggested that to constrain the scope of the requirement it be reworded, e.g. to "whether any known cross-subsidies were captured in the pricing period".	Refer #19	Resolved
11	6 September 2011	AIAL	Schedules 18 & 19	Capex and demand forecasts were not consulted on for years 6–10 (FY2013 – FY2017) of the FY08 price setting event. AIAL proposes to inform the FY08 price setting event disclosure around material consulted in the period leading up to the price setting event as this was the most robust forecast of capital expenditure and demand for specified services at the time.	Forecast information is not limited to the information that was consulted on. If forecasts have been used by airports in their decision to set prices then they must be disclosed. The Commission will provide airports an exemption from being required to disclose capex forecasts that relate to the period beyond their pricing period for the September 2011 disclosure where forecasts were not used by Airports in the decision to set prices. Refer to #12 for guidance on demand forecasts	Pending - exemption
12	6 September 2011	AIAL	Schedule 19	Peak hour / busy day forecasts – forecasts have been done for the purpose of Auckland Airport's terminal expansion plan study and facility requirements 2006-2025. However, we do not have forecast information on an annualised basis - we only have the forecast figures available for 2015 but will be able to provide the inbound/outbound and domestic/international split for this year.	When preparing materials for disclosure under the clause 2.10(3) transition provisions, airports should use best endeavours to complete the schedule 19 demand forecast tables. If forecasts used by the company for capital planning do not conform to the table labels then the airport may choose to disclose the forecasts used for capital planning purposes in the commentary box or as supplementary material, including explanatory notes for doing so.	Resolved
13	6 September 2011	AIAL	Schedule 19	Domestic passenger forecasts for the FY08 price setting event were aggregate and not split between inbound and outbound passengers. Propose to seek an exemption for the split of arrivals and departures, and we propose to provide an explanation in the general description box underneath the demand forecasts that the forecast was in totality, and explain that for the purpose of providing inputs into Schedule 19, we have split this 50:50 in order to present the information for the five year period.	Passenger forecasts disclosed under the clause 2.10(3) transition provisions can be split 50:50 between inbound and outbound passengers if airports are comfortable this is a reasonable proxy. Explanatory notes are to be provided in the comments box to explain the approach adopted. If the busy periods used in the forecasts differ from those defined in the ID determination, then this should also be noted.	Resolved

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14	6 September 2011	AIAL	Schedule 19	Aircraft weight break analysis of landings and MCTOW in consultant reports do not exactly match the breakdown in Schedule 19. However, we have been informed by Airbiz that there were no aircraft between 30-40 tonnes at the time of the analysis, therefore for the Schedule 19 disclosure, the entire "Category 3" we have on record will be inserted into "aircraft 3 tonnes or more but less than 30 tonne category"	In the clause 2.10(3) transitional disclosure, AIAL can include aircraft forecasts identified as being 6000-39999kg in the category 'aircraft 3 tonnes or more but less than 30 tonnes MCTOW' if AIAL is comfortable that they are a reasonable proxy for the disclosure. Explanatory notes should be provided in the comments box.	Resolved
15	6 September 2011	AIAL	Schedule 19	Growth in aircraft analysis of landings and MCTOW was not broken down into "air passenger services—international", "air passenger services—domestic" and "other aircraft" as per Schedule 19 because the analysis was commissioned before the Determination definitions were developed. However, we have been informed by Airbiz that the "Scheduled" data can be reliably used for the purpose of this disclosure because this data does not include freight, military and commercial flight data (this was caught under the "non-scheduled" category). However, there may be unscheduled charter flights which would fall under the definition of air passenger services that may not be included in the "Scheduled" data (although Airbiz's view is that the data would be insignificant/immaterial)	International scheduled', 'domestic scheduled' and total of 'international non-scheduled' and 'domestic non-scheduled' forecasts can be included in Schedule 19 of AIAL's clause 2.10(3) transitional disclosure if AIAL is comfortable they are a reasonable proxy for 'air passenger services—international', 'air passenger services—domestic' and 'other aircraft'. Explanatory notes of assumptions used must be included in the comments box.	Resolved
16	6 September 2011	AIAL	Clause 2.7(2)	AIAL has requested an exemption from the Director Certification requirement on the basis that it is not appropriate to require Directors to certify what occurred five years ago.	Refer Footnote 1.	Pending - response from Airports
17	9 September 2011	WIAL	2.5(1)(a) and 2.5(1)(c)	In clause 2.5(1)(a) the financial forecast information is required to include airport services information which may include services that are not part of the determination of landing charges with airlines and therefore not included in consultation as part of a price setting event. WIAL also notes that the Commission's guidance will also influence the manner in which schedule 6 will be reported in the annual disclosure.	Refer #1	Pending - exemption
18	9 September 2011	WIAL	1.4 Interpretation	The definition of forecast operational expenditure is consistent with the example for other inputs, however, this definition also refers to the defined term 'operational expenditure'. This term refers to operating costs after applying Part 2: Cost Allocation of the Input Methodologies	Refer #3	Pending - update to requirements or exemption

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19	9 September 2011	WIAL	2.5(2)(c)	Requires WIAL to provide "an explanation of the extent to which the airport considers that the application of the pricing methodology will lead to efficient prices, including whether there are any cross-subsidies." WIAL can comment at a high level but cannot comment on whether cross subsidies did or didn't exist for each component of its business including each segment of airlines and passengers.	In its explanation of why the pricing methodology will lead to efficient prices an airport should outline any areas where the airport considers that there are cross subsidies. Airport consideration of cross-subsidies is limited to where an airport has identified and considered the matter. An airport is not required to further investigate cross-subsidies for the purpose of this requirement. Further clarification on what the Commission defines as cross-subsidies can be taken from the subsidy-free discussion in footnote 354 of the Input Methodologies (Electricity Distribution and Gas Pipeline Services) Reasons Paper.	Resolved
20	9 September 2011	WIAL	2.5(1)(c)(x) and 2.5(1)(d)	Clause 2.5(1)(c)(x), analysis of differences between forecast financial information, and clause 2.5(1)(d), publication of valuation report, both refer to disclosures in respect of clause 2.3 which cannot be complied with.	Refer #5 and #6	Resolved
21	9 September 2011	WIAL	Schedule 19	Schedule 19 requires passenger numbers to be disclosed separately for inbound and outbound passengers. For, consultation, WIAL forecast passengers (international and domestic) in total and did not separate this into inbound and outbound passengers. This was on the basis that WIAL expected the proportion of these passengers to be approximately equal.	Refer #13	Resolved
22	9 September 2011	WIAL	Schedule 19	The determination includes the requirement to publish passenger terminal demand and aircraft runway movements for the 10 years commencing 2008. This information was not prepared for WIAL's pricing consultation and an exemption is sought. WIAL addressed prospective capacity utilisation issues in a different manner. WIAL will comment on how this was undertaken in the qualitative information.	Refer #12	Resolved
23	9 September 2011	WIAL	Schedule 18(b)	Schedule 18(b)(iv) requires that WIAL provides a five year forecast of operational expenditure in three cost classifications. WIAL seeks an exemption from this disclosure. WIAL intends to disclose the total operational expenditure forecast for each year.	Refer #8	Pending - exemption
24	9 September 2011	CIAL	Schedule 18	CIAL's pricing consultation to set the current prices was for a three year period 1 July 2008 to 30 June 2011. Consequently CIAL only prepared forecast information for a three year period. CIAL requests an exemption in respect of the forecast information required for year 4-10 in schedules 18 and 19.	Refer #11	Pending - exemption

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25	9 September 2011	CIAL	Schedule 18	CIAL did not establish forecast information for total specified airport services for the current pricing period. If the Commission's intent is that the forecast information should reflect total specified airport services CIAL requests an exemption concerning inclusion of forecast information that was not included in the consultation forecasts provided to airlines.	Refer #1	Pending - exemption
26	9 September 2011	CIAL	Schedule 18	Schedule 18b(iv) requires CIAL to provide forecast of operational expenditure in three cost classifications. CIAL did not classify its expenditure in this way in the 2008/09 consultation. CIAL requests a exemption from the Schedule 18b(iv) disclosure requirement in respect of the disclosure of operational expenditure by category.	Refer #8	Pending - exemption
27	9 September 2011	CIAL	Schedule 19	CIAL did not prepare, for the past consultation, passenger terminal demand and aircraft runway movements information as required to be disclosed in Schedule 19. CIAL requests an exemption from these schedule 19 disclosure requirements	Refer #12	Resolved
28	9 September 2011	CIAL	2.5(1)(a) and 2.5(1)(c)	Clause 2.5 contains conflicting information in respect of the information required in schedule 18. Leased properties that fall within the definition of specified airport services would be included in the information required by clause 2.5(1)(a), but excluded from the information required by clause 2.5(1)(c). CIAL requests that the Commission clarify that it is the actual forecasts used that are required.	Refer #1	Pending - exemption
29	9 September 2011	CIAL	1.4 Interpretation	The definition of forecast operational expenditure is consistent with definitions of other financial inputs detailed in sub clause 2.1(c). However, this definition also contains a defined term 'operational expenditure', which refers to operating costs after applying Part 2 of the Input Methodology Determination	Refer #3	Pending - update to requirements or exemption
30	9 September 2011	CIAL	1.4 Interpretation	CIAL notes that some aspects of the requirements are effectively open ended including the requirement to comment on 'whether there are any cross subsidies.' CIAL does not have the information necessary to enable a broad statement to be made as to whether cross subsidies did or did not exist for all aspects of CIAL's aeronautical business.	Refer #19	Resolved
31	9 September 2011	CIAL	2.5(1)(c)(x) and 2.5(1)(d)	The determination requires reference to the latest annual disclosure of information made under clause 2.3, in establishing the requirements for the pricing disclosure. As there have been no disclosures under clause 2.3 CIAL requests that the Commission confirms that these requirements are not applicable for this disclosure	Refer #5 and #6	Resolved

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32	9 September 2011	CIAL	Schedule 19	Schedule 19 requires passenger numbers to be disclosed by inbound and outbound passengers. CIAL has forecast domestic and international passenger movements in total only and broadly assume that inbound and outbound total are equal. CIAL proposes to make the disclosure on this basis and requests the Commission to confirm that this approach will be acceptable.	Refer #13	Resolved
33	9 September 2011	CIAL	Clause 2.7(2)	CIAL has considered the requirement for clause 2.7 of the Determination, which specifies when director's certificates are required to be disclosed with the substantive disclosures. On this occasion, where disclosure is required under clause 2.10(3) of the Determination, CIAL considers that the requirement for director certification under clause 2.7(2) does not apply.	As outlined paragraph 7.11 of the Information Disclosure (Airport Services) Reasons Paper, it is clear that director certification is required. Also refer footnote 1.	Resolved

Footnote

1. Airports have raised concerns that due to some of the historic attributes of the clause 2.10(3) disclosures they are unable to complete a Director certification in respect of all information disclosed under these requirements. Clause 2.10(3) requires information to be disclosed in respect of the price setting event that immediately preceded the commencement date of the determination.

If the Determination contains any ambiguity concerning the requirement for Director certification of clause 2.5 disclosures that are required under clause 2.10(3), when the determination is read in conjunction with the Commission's Reasons Paper the correct interpretation is made clear.

If, after considering the Commission's response to the requests for technical guidance/clarification, an Airport still considers that it will be unable to comply with the clause 2.7(2) Director certification requirement, the airport may request partial exemption from this requirement.