

From: kristina@ihug.co.nz
Sent: Friday, 13 January 2012 12:00 p.m.
To: regulation.branch
Cc: john@barnz.org.nz
Subject: Consultation on Airport Information Disclosure Amendments

Dear Karen,

This e mail constitutes the response by BARNZ to the Commission's consultation on proposed amendments to the Information Disclosure Requirements for specified airports.

BARNZ has reviewed the proposed amendments and has no objection to the changes outlined other than in the case of the proposed changes in relation to:

- disclosure of operating expenses in the transitional year in clause 2.10(5)
- the extension of time for disclosure following a price setting event from 20 w days to 40 w days in clause 2.5.

These changes are both opposed.

Disclosure of operating expenses in the transitional year

During consultation on the development of the information disclosure requirements BARNZ submitted that disclosure of operating expenses in the first year (ie the transitional year) should either be made using the new categories or, if the airport did not have this information available, then the categories under the previous AAA information disclosure requirements. BARNZ submitted that simply disclosing the total cost incurred for operating expenses would not be satisfactory as it would create a data gap between the old regime and the new one. NZAA responded in its cross-submission that airports would be able to provide a breakdown under the new categories from year one. The matter was therefore not pursued by BARNZ. The submission from the airports that they are now not able to provide this information is therefore inconsistent with previous statements made by the airports.

BARNZ considers that the transitional provisions should require operating expenditure to be disclosed either using the new categories or (if this information is not available, then) disclosure using the old AAA categories. Disclosure of the total sum of operating expenses alone, as proposed by the Commission for the transitional year, provides insufficient information to enable efficiencies and trends to be measured over time.

Timing of disclosure following a price setting event

The information disclosure requirements currently require disclosure of information 20 working days following a price setting event. The Airports indicated at the time of development that this would be an appropriate length of time. BARNZ considered that the disclosure should occur simultaneously with a price setting event, as that is the time at which the public and other interested parties (such as analysts and

business writers) have the greatest interest in receiving the information. Wellington Airport has now indicated it requires 60 working days (or 3 months) to prepare and review the information. The Commission has proposed 40 working days (or two months).

BARNZ continues to consider the information should be released as the price setting event occurs. All three airports release media information packages upwards of 5 or 6 pages for the media as they announce their pricing decisions. These media packages set out the airport's justification for increasing charges and information which the airport wishes to impart to the public. The information disclosure requirements following a price setting event should be released at the same time that the airport releases their own media packages. For the airports to endeavour to further delay the release of the impartial factual information some two to three months beyond the price setting date, and beyond the time of the airport's own PR information release, is wholly inappropriate, and represents another attempt by the airports to tie the airlines hands behind their backs and prevent the public from being informed about the reasonableness of airport charges. BARNZ views the request for the extension of time as being a tactic by the airports to reduce the ability of airlines to engage in an informed public debate on the reasonableness of charges, in a timely manner following the setting of charges.

Auckland Airport has already informed BARNZ that even though the information set out in clause 2.5 will have to be released 20 working days following the price setting event, the airport considers it confidential until that point in time, and therefore BARNZ is bound by the Confidentiality Deed until those 20 working days are up and the airport discloses the information.

The information requirements are well known and airports will be able to prepare the information as consultation over charges occurs. There is absolutely no need for two months to be allowed for the information to be prepared at the conclusion of consultation. An organised airport will have the information prepared simultaneously as charges are consulted on and set.

BARNZ therefore considers that the requirement should be for the information to be disclosed as the price setting event occurs.

BARNZ is fundamentally opposed, and objects in the the strongest possible terms, to the proposal that the time to disclose information following a price setting event be extended to 40 working days. If the Commission does not accept that disclosure should occur at the same time as the price setting event, then the current requirement for disclosure 20 working days following a price setting event should remain.

If you have any queries about the points made in this submission please contact me on 027 279 9090 as the BARNZ office is closed until the 16th of January.

Kind regards,

Kristina Cooper