

TECHNICAL CONSULTATION

SUBMISSION

ON REVISED DRAFT INFORMATION DISCLOSURE

DETERMINATION

5 November 2010

Introduction

1. This is NZ Airports Association's ("**NZ Airports**") submission on the Commerce Commission's ("**Commission**") Information Disclosure (Airport Services) Consultation Update Paper ("**ID Update Paper**") and Revised Draft Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 ("**Revised Draft ID Determination**"), released on 11 October 2010 for technical consultation.
2. This submission is made on behalf of Auckland International Airport ("**Auckland Airport**"), Wellington International Airport ("**WIAL**") and Christchurch International Airport ("**CIAL**") (together "**the Airports**"). This submission should be read in conjunction with the Airports' individual submissions (where applicable) and all previous submissions made by NZ Airports and the Airports that have been submitted to the Commission in the course of the Commission's consultation on input methodologies and information disclosure requirements to be determined under Part 4 of the Commerce Act 1986 ("**the Act**").
3. NZ Airports acknowledges that the purpose of this submission process is to ensure that the Revised Draft ID Determination reflects the Commission's updated draft decisions. Accordingly, NZ Airports focuses this submission on the further technical amendments that are required to be made to the Commission's Revised Draft ID Determination. NZ Airports' proposed amendments are set out in **Appendix A** to this submission.
4. While NZ Airports appreciates that the Commission has tried to explain all of the changes that it has made to the Revised Draft ID Determination and the accompanying schedules, NZ Airports notes that the Commission has refrained from providing comment or explanation where it has *not* accepted NZ Airports' recommended amendments. NZ Airports is therefore not aware of the Commission's reasons for declining to accept NZ Airports' recommendations. Consequently, NZ Airports also provides comment on issues where it considers that insufficient explanation has been provided by the Commission, where the ID Update Paper raises new issues that should be responded to, and where NZ Airports considers further clarification of issues is warranted.
5. This submission is structured as follows:
 - Part A - general comments on new and/or amended requirements in the Revised Draft ID Determination.
 - Part B - NZ Airports' recommendations not yet addressed in the ID Update Paper.
 - Part C - comments on definitions.
 - Part D - comments on the information disclosure schedules.
 - Part E - specific comments on the changes in the Revised Draft ID Determination.

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Part A - General comments on new / amended requirements in the Revised Draft ID Determination

7. This section comments on material additional requirements that have been included in the Commission's Revised Draft ID Determination.

Price Setting Event and Disclosure of Valuation Reports

Timing of Release of Information

8. The Commission has previously correctly noted that "utilising the information disclosure regime to influence the investment and pricing decisions of regulated suppliers in a pre-meditated way falls outside the scope of the section 53A purpose statement".¹
9. NZ Airports is concerned that the proposed extension of the requirement of publish price setting information, to include the detail of any new valuation report, while not being a pre-meditated effort to influence pricing, may nevertheless indirectly influence pricing behaviour of airports and particularly the timing of price changes.
10. We note that, to date, the Commission has failed to acknowledge that there are material consequences when airports provide information to the market according to deadlines established by the Determination and has also declined to recognise the disclosure obligations that the airports owe to investors.
11. Absent regulation, companies will typically undertake a comprehensive valuation process and release this information with its consolidated annual financial results, normally three to four months post balance date, following audit and director certification.
12. If the Commission maintains the current deadline for release of pricing information of 20 working days following a price setting event, then the Airports will have to consider whether it is appropriate to set new prices at the commencement of a disclosure year or whether price setting should be deferred until later in a financial year so that the release of financial information for Part 4 regulatory purposes can be managed cohesively and efficiently with airport financial reporting. In NZ Airports' view it is inappropriate for airport price setting to be influenced in this way.
13. NZ Airports therefore requests that the Commission further consider the deadline for the release of pricing information under Clause 9.1 of the Revised Draft ID Determination. NZ

¹ Draft Reasons Paper, paragraph 2.27.

Airports submits that the pricing information could appropriately be released at the same time as the first set of annual disclosures post the price setting event.

Disclosure of valuation reports

14. BARNZ has requested that "where the asset base used for pricing differs from the RAB, the airports should be required to disclose any valuation report which exists".² In the ID Update Paper the Commission responded by requiring that such valuation reports be disclosed following a price setting event "to put it in the appropriate context."³
15. Clause 9.1(d) of the Revised Draft ID Determination reflects this new requirement as follows:

Where the **forecast value of assets employed** is based on a value other than that used for the purposes of the latest disclosure under clause 7, **publicly disclosing** the valuation on which the value of the **forecast value of assets employed** is based.

16. NZ Airports considers that clause 9.1(d) exceeds the "sufficiency" requirement prescribed by section 53A of the Act. NZ Airports agrees that it is appropriate for valuation reports to accompany any updated regulatory asset values reflected in disclosure information as these reports will assist the broader group of interested persons to understand the composition of the regulatory asset base ("**RAB**"). However, in the new clause 9.1(d) the Commission has extended this requirement to include the disclosure of information prepared to support airports pricing requirements.
17. NZ Airports submits that pricing inputs are tested in consultation, and airlines will have access to these reports. It is beyond the purpose of information disclosure to provide interested parties with information to verify the inputs into pricing decisions under the Airport Authorities Act 1966 ("**AAA**"). For the purposes of monitoring, it should be sufficient for the pricing valuation, if it is to be disclosed at all (NZ Airports does not agree that it is necessary to do so), to be disclosed once it has been comprehensively reflected in the airport financial reporting.
18. NZ Airports therefore again submits that if the Commission persists with this requirement, then it would be more appropriate for the reports to be released in conjunction with the annual information disclosures next published after a price setting event.

Auditor's Reports

19. The Commission has amended the requirements for audit review of non financial information.
20. Clause 10.1(a)(viii) has been amended to require auditors to express an opinion on whether:

The airport has complied in all material respects with the requirements, including guidance (if any) issued pursuant to this determination, and the information is based on the records examined under subsection (v).

² BARNZ Submission on Commerce Commission Information Disclosure (Airport Services) Draft Reasons Paper and Draft Determination, 12 July 2010, page 10.

³ Commerce Commission Information Disclosure (Airport Services) Consultation Update Paper, October 2010, Topic 2, page 28.

21. The equivalent clause in the previous draft of the Determination required the auditors to comment on whether the airports non-financial information was "*calculated based on the source data provided by the airport*".
22. NZ Airports is concerned that this additional requirement will substantially increase the scope of the work required by airport auditors. NZ Airports has serious doubts that the benefits (if any) of providing an audit review of non financial information will justify the additional compliance costs incurred.
23. The amended clause requires that the auditor reference their opinion to the "*records examined*". In other words, prior to issuing an audit opinion, the auditors must assess this information to the extent required by the audit firm's own professional requirements. Fully comprehending the non-financial information also requires a level of technical operations expertise and therefore audit firms may be required to look externally to ensure that the necessary level of expertise is achieved.
24. The former audit requirement allowed the auditors to rely on the data provided by the airport without having to "examine" it and validate the disclosures and calculations that were made from the data provided. NZ Airports considers that this is a more efficient and practical requirement and submits that the wording in the Revised Draft ID Determination should be restored to the former drafting.⁴
25. In making this submission NZ Airports wishes to emphasise that it is not seeking to diminish the integrity of the underlying information. Airport directors will still be required to provide a certificate evidencing the Airports' compliance with the Determination disclosure requirements and therefore must attest to the integrity of the non-financial information. Furthermore, much of the information will also be tested in the operation forums, with the Airports required to disclose the outcomes from process improvement discussions with the airlines in Schedule 17.

Asset Allocation

26. A new sub clause 15.1(b) has been added to the Determination which requires the airports to complete Schedule 10, showing asset allocations for the initial RAB and disclosure year ended 2010.
27. This appears to have been added to accommodate BARNZ's more general request for information on cost allocation adjustments in the initial RAB.
28. NZ Airports' agrees that the overall reconciliation of historical asset information is important and ultimately feasible. However NZ Airports is concerned as to the practicalities of achieving implementation in the precise form required by the Commission. The information requested predates commencement of the new regulatory regime and the changing componentisation nature of the assets involved means that the process will be challenging to undertake and then meaningfully communicate.

⁴ NZ Airports notes that the reinstated wording is consistent with the audit requirements in the Electricity Distribution (Information Disclosure) Requirements 2008 31 October 2008 and exceeds the audit requirements in the Gas (Information Disclosure) Regulations 1997, which only require auditors to comment on the financial inputs to performance measures.

29. Given this, NZ Airports recommends that a comments box be added to Schedule 10, to summarise any significant information, or to add appropriate context, which cannot be adequately conveyed within the more detailed sections of the template.

Directors' Certificates

30. NZ Airports provided the Commission with separate comment on the wording used in the directors' certificates on 27 September 2010. NZ Airports appreciates that the Commission has sought comment from other parties on this submission.
31. NZ Airports would appreciate being notified of the Commission's conclusions on this issue prior to release of the final Determination.

Part B - NZ Airports' recommendations not yet addressed in the ID Update Paper

32. The Commission does not comment on the suggested changes by submitters, which, following the Commission's consideration, have not resulted in any changes to the Revised Draft ID Determination. This has meant that NZ Airports is unable to consider the Commission's reasons for its decisions to retain the status quo in some instances. Consequently there are several areas where NZ Airports makes further submissions on below.

Requirement for airlines to provide information

33. The Commission is aware that the Airports cannot meet the requirements of the Determination without information provided by airlines. NZ Airports acknowledges that BARNZ and Air New Zealand have indicated their cooperation in submissions and workshops and NZ Airports appreciates this. However there is a range of other airline operators that have not participated in the Commission's consultation process and consequently may not be informed of the range of information that will be required. These include international airlines and small local operators that may not be members of BARNZ.
34. NZ Airports seeks assurance from the support of the Commission that the Airports will not be considered in breach of the Determination in the event information that is necessary for the Airports to comply with the Determination is not provided to the Airports. NZ Airports submits that the Commission add a new section to the Revised Draft ID Determination as follows:

Instances where Airports deemed not to breach determination

1.1 The Airports are not in breach of this determination where the disclosure of information by the Airports under this determination requires the provision of information by airlines and/or other parties to the Airports and that information has not been provided. Such information includes (but is not limited to):

- Passenger numbers, including the following minimum information:
 - The number of international passengers carried;
 - The number of domestic passenger carried;
 - By type of aircraft (The airports will be required to disclose passenger numbers for aircraft within specified market or weight bands);

- International and domestic passengers separately identified as inbound or outbound;
- The volume of passengers (international and domestic) within hourly time bands;
- Airports stand number used for each service operated by the airline;
- On time departure delays including the reasons for the delays;
- Aircraft movement data to the airports for each aircraft movement at that airport, including aircraft registration, type of aircraft and the date and time for each movement.

1.2 For the avoidance of doubt, the meaning of "passenger" for the purpose of clause 1.1 above is as defined in this determination.

35. The airports could note in the disclosures details of requests that were made for the information where such information has not been provided.

Requirement for GAAP accounting

36. NZ Airports has previously commented on the Commission's ongoing requirement for separate GAAP compliant accounting to be retained for the specified airport services, in light of the fact that the regulatory disclosures depart from GAAP in certain respects. NZ Airports is not aware of the reasons that the Commission has not accepted NZ Airports submissions that this additional disclosure is unnecessary. This is a significant issue for the Airports and consequently NZ Airports provides further comment below.

Commission requires departures from GAAP

37. The disclosures required by the Commission mandate a considerable number of departures from GAAP accounting. These can be summarised as follows:

- The Commission's valuation and roll forward requirements for the asset base are not consistent with GAAP. This will have ongoing consequential implications for depreciation and revaluations for each disclosure year. We comment on this issue in greater detail below;
- Future use assets - these are not excluded as a separate asset group under GAAP and the manner of aggregating holding costs, including the exclusion of income from the airport business income, is also not consistent with GAAP;
- The manner in which proceeds from asset disposals are recognised differs depending on the acquirer, and as such, is not consistent with GAAP;
- Revaluations are not treated as income in GAAP accounts;
- Finance costs are to be calculated on a nominal basis prescribed by the Commission; and
- The above GAAP departures have implications for the regulatory tax calculation.

38. These departures will require the Airports to implement separate regulatory accounting systems and processes.
39. NZ Airports accepts that the new regulatory disclosures will provide a more comprehensive view of airport performance for interested parties however the Commission should not lose sight of the fact that the Act requires “sufficient” information rather than an all inclusive approach. We note that the volume of information disclosure required far outweighs that to be disclosed by electricity distribution businesses, with 26 disclosure schedules proposed for airports compared to 11 for electricity. If the additional disclosures are overlaid with the departures from GAAP and the complexity associated with the large volume of shared assets, it is evident that the proposed regime will be extremely complex and therefore expensive to implement and maintain. NZ Airports seeks to mitigate this.

Retention of GAAP for specified airport services

40. The Commission has retained the Consolidation Statement (Schedule 9) in the proposed disclosures. The Consolidation Statement requires Airports to provide GAAP financial outcomes for the regulated businesses in addition to the outcomes from the input methodologies. It is crucial that the Commission reconsider the implications and costs associated with ongoing completion of this Schedule.
41. Fundamentally the Schedule will show the summary differences which result from compliance with the Commission’s departures from GAAP with the airports then to provide comment on the differences. Clearly this comment will simply describe how the airports have complied with the Determination’s departures from GAAP in preparing the disclosure schedules. While this appears straight forward the level of detailed records that the airports will need to develop will be considerable. We illustrate this in the table below:

Information Category	Commission Departure from GAAP	Disclosure of Departure Provided In:	NZ Airports Comment
Income	<ul style="list-style-type: none"> Revaluations to be included. Income earned by future use assets and capital work in progress to be excluded. 	Explicit disclosure of each of these components is provided in the asset roll forward Schedule 5.	This is the least complex area if reconciliation was required and could be achieved.
Operating Costs	<ul style="list-style-type: none"> Costs associated with future use assets and capital work in progress to be excluded. 	Disclosure is provided in the asset roll forward Schedule 5 (as part of net income).	The real complexity with operating costs is the cost allocation process. Allocations using GAAP compliant assumptions are likely to be different than those using regulatory assumptions. The airports do not consider it reasonable to have to maintain two sets of cost allocation.
Tax	Impacted by different GAAP departures for: <ul style="list-style-type: none"> Income and 	Schedule 4 provides detailed regulatory tax calculations for interested	The airports will have to undertake two tax calculations with reconciliation challenges arising as explained for the other items in this

Information Category	Commission Departure from GAAP	Disclosure of Departure Provided In:	NZ Airports Comment
	<ul style="list-style-type: none"> revaluations; Costs (including different allocation profiles); Finance costs; Depreciation. 	parties.	table.
Finance Costs	<ul style="list-style-type: none"> Finance costs based on nominal leverage rather than actual. Aggregation of holding costs on future use and capital work in progress assets differs from GAAP. 	<p>NZ Airports is proposing detailed schedules showing the changes in future use assets and capital work in progress.</p> <p>Full disclosure of the makeup of actual finance costs is included in annual reports.</p>	Financing activities undertaken by the airports are not part of the information disclosures as all parties agree that this is not required in a regulatory return context.
Depreciation	<ul style="list-style-type: none"> Regulatory asset base different from GAAP asset base (refer below). Depreciation on land conversion costs does not occur under GAAP. 	Schedule 5 shows the asset roll forward and requires disclosure of changes in depreciation approaches.	<p>Reconciling depreciation between two asset bases would become more complex as each year passes.</p> <p>As for operating costs allocation of depreciation on shared assets could produce different outcomes for regulatory and GAAP outcomes.</p>
Assets	<ul style="list-style-type: none"> Land valuation methodology. Depreciation of land conversion costs. Exclusion of historical land conversion costs Different revaluation requirements. Different depreciation due to different asset base. Exclusion of future use assets from RAB. Means of recognising holding/finance costs for future use assets and capital work in progress. Different requirements for recognising asset disposals. 	The Commission has taken considerable care to ensure comprehensive disclosure is provided for the roll forward of the RAB.	NZ Airports has previously advised the Commission of the extensiveness of the airports asset records. Reconciling different revaluation and depreciation profiles for thousands of assets will be extraordinarily complex and require considerable time.

42. NZ Airports cannot over-emphasise the extent of the additional records that will be required to maintain regulatory and GAAP records for specified airport services. In each case in the table above the airports will need to develop separate reporting or analysis files that track the differences between the regulatory and GAAP records.

43. The fundamental question is whether additional benefit will be provided to interested parties by the airports being required to undertake this work and complete the proposed Schedule 9. There is no benefit apparent to NZ Airports that justifies the costs involved.

Reconciliation to GAAP statement will in fact provide basis for confusion

44. NZ Airports is concerned that the Commission's proposed disclosures will create confusion rather than promote certainty.
45. In Schedule 9 the Commission proposes that the Airports show GAAP adjustments for the airport business in order to develop GAAP results for the regulated business. This will require a considerable amount of additional analysis, and it remains unclear for what purpose.
46. Airports do not retain standalone accounting systems for the regulated businesses. Instead cost and asset allocation process is a separate analytical process undertaken specifically for the regulatory disclosures. If this was also required for GAAP equivalent outcomes then this could result in different cost and asset allocations because the records used to undertake GAAP allocations would be different to those used for the regulated accounts (albeit that the principles for the allocations would remain the same). For example:
- If asset value were used as a driver to allocate some costs (eg maintenance) then a different share of costs would result from allocations using the asset base valued for GAAP reporting as would occur using the RAB valuations. The cost allocation principle would be the same but the different asset valuations would produce different allocation outcomes; and
 - If floor space were used to allocate shared asset values the value of the shared assets prior to allocation would be determined from different valuation methodologies for the GAAP and regulatory accounts. Consequently the value of shared assets apportioned using the same floor space indicator to the regulated business would be different for GAAP and regulatory accounting. This same difference would also emerge in the depreciation, tax depreciation and revaluations that related to those assets.
47. Most fundamentally the complexity of tracking regulatory and GAAP complaint asset bases in future years is extreme. The different GAAP and regulatory valuation and revaluation requirements would result in an increasing divergence between the asset bases. The exercise is therefore unwarranted and would be costly.
48. NZ Airports strongly submits that the effect of this approach will be to confuse non-expert interested persons (and in some cases a number of experts, rather than inform them of the performance of the regulated business as required by the Act. In NZ Airport's view the Determination establishes the basis for the regulatory disclosures and should be analysed as standalone outcomes. Knowing the difference based on GAAP outcomes adds nothing to the analysis and does not justify the cost of their preparation.

Integrity of disclosures without the GAAP information

49. BARNZ submitted that the GAAP disclosures are “essential for monitoring of compliance with disclosure requirements”.⁵ BARNZ has not explained why it considers this to be the case. NZ Airports also queries whether BARNZ in making this statement understands the implications of the Schedule, ie the complexity and cost involved. BARNZ's statement cannot withstand scrutiny because showing differences from the alternate GAAP accounting approaches does not in any way demonstrate compliance with the Determination and disclosure requirements. The Commission has in fact determined that full GAAP accounting is not appropriate for the regulated business and consequently it has no bearing on the annual disclosures. NZ Airports would be concerned if the BARNZ position was also part of the Commission's rationale for continuing to require the GAAP information.
50. If BARNZ's concern is regarding the integrity of information disclosures, and therefore compliance with the determination, then in NZ Airport's view this has already been addressed in the Determination requirements which we comment on below.
51. Compliance with the Commission's determination and integrity of the information provided will be confirmed by:
- The airport directors providing the required certificates to the Commission; and
 - Independent review by external auditors to confirm compliance with the Determination (for all financial input to the Disclosures).
52. This is no different from the means to ensure the integrity of GAAP financial statements, which is achieved by:
- The signature of directors on annual reports; and
 - Including audit reports provided by independent auditors.
53. Therefore the same formal requirements for confirming integrity of the published information exist. These same requirements have been included in the Revised Draft ID Determination by the Commission and the same level of integrity will therefore be provided for the regulatory disclosures as is provided for in the GAAP financial statements.
54. In fact the regulatory disclosures will provide considerably more detail than is required in annual financial statements and will be subject to detailed scrutiny and analysis by the Commission and the airlines (together with any other interested parties). This additional scrutiny requires the Airports to respond to an additional level of review for information disclosure that is not normally required for annual reports.
55. Airports price setting consultations provide yet another forum for airlines to evaluate the regulatory information disclosed by airports within the pricing context. This is because the airlines are free during consultation to query and test any aspect of the regulated businesses.

⁵ BARNZ Cross Submission on Information Disclosure (Airport Services) Draft Reasons Paper and Draft Determination, page 6.

56. The combination of the Commission and airline scrutiny is well beyond the extent of review that occurs for any other regulated supplier or published financial information.

Part C - Comments on definitions

57. NZ Airports recognises that the Commission has made numerous changes to the definitions following further consideration of the Commission's own positions as well as the submissions from NZ Airports and BARNZ. NZ Airports recommends further amendments to the definitions which are marked in Appendix A. We comment below on several key aspects of the definitions.

Airport, Airport Business, Airport Business GAAP

58. NZ Airports has previously submitted that the term "regulated" should precede these definitions to distinguish their meaning from references to the entire airport business in other contexts. Comment is also provided in NZ Airports submission on the revised Input Methodology Determination.

Asset

59. There are numerous references in the Commission's schedules to the term asset, which imply that reporting may be required for each airport individual asset. The Commission has acknowledged the Airports' submissions on the complexity of the asset records and its concerns regarding the disclosures required under Schedule 26, and commented that the airports:⁶

can present it in a summarised form and have flexibility in how the information is aggregated. It is reasonable to expect that the airports would maintain financial information on significant assets.

60. Airports do have financial information on significant assets, however the Commission must understand that this information does not take the form of singular asset records. The larger an asset is, the more likely it will comprise a substantial number of component assets and therefore a substantial number of records. In the case of buildings in particular, this can extend into thousands of records.
61. NZ Airports therefore proposes the addition of a simple definition for the term "asset" which acknowledges that the reference may apply to aggregated groups of assets in the Information Disclosure Schedules.

Capital Contributions

62. The Commission has advised that it has amended its view in respect of Capital Contributions and that these will be treated as a reduction in asset value rather than being included in regulatory income.⁷
63. NZ Airports supports this amendment but notes that there are several definitions that still need to be amended to give effect to this change, which have yet to be updated by the

⁶ Commerce Commission Information Disclosure (Airport Services) Consultation Update Paper, October 2010, page 6.

⁷ Commerce Commission Information Disclosure (Airport Services) Consultation Update Paper, October 2010, page 8.

Commission. These are Other Income, Regulatory Taxable Income/(Loss) and Total Regulatory Income.

Capital Expenditure Projects and Key Capital Expenditure Projects

64. There is an inconsistency between the definitions for Capital and Key Capital Expenditure Projects.
65. The term Capital Expenditure Projects is used in Schedule 7 and provides for a \$5 million threshold in establishing the projects that require separate disclosure within a five year pricing period.
66. The term Key Capital Expenditure Projects is used in Schedule 19. However this definition applies the \$5 million threshold to projects over a 10 year period.
67. NZ Airports continues to submit that a 10 year forecast period should not be required as consultations on pricing do not extend over this period. The capital expenditure definitions need to be aligned. For consistency, and based on the position established by the parties at the Commission's workshop on 13 September 2010, NZ Airports submits that the \$5 million threshold should apply to five year periods in both instances.

Scheduled

68. In NZ Airport's submission on recommended changes to the definitions dated 17 September 2010 NZ Airports recommended the deletion of the definition for "scheduled operation" and proposed alternative definitions to address the intent of the definition. This was with respect to the application of the term in Schedule 20 where it relates to the scope of regular air transport services.
69. BARNZ responded on 24 September and opposed deletion of the definition as the term 'scheduled' is used in the definitions for interruptions to runway, taxiway and contact/remote stand services.
70. NZ Airports agrees with BARNZ that the term "scheduled" is still necessary with respect to the interruption definitions. NZ Airports has therefore reinstated a definition for the term "scheduled", which is referred to within various interruptions definitions.

Significant Assets

71. The Commission has added a definition of significant assets to assist in determining the disclosures required in Schedule 26. NZ Airports agrees that a definition is appropriate.
72. However, NZ Airports does not agree with the latter part of the definition which reads:

The list of significant assets should separately disclose assets that are not included in the asset base used for consultation under section 4B of the Airport Authorities Act 1966.

73. This is a consultation outcome to which the Commission is not required, and does not need to have regard. The Commission is again mixing the scope of price consultation under the AAA and information disclosure under Part 4, and NZ Airports submits that this approach is inappropriate. We refer to our submissions above regarding the disclosure of valuations.

74. It also demonstrates the Commission's lack of clarity in respect of section 4B. Consultation is not a one off event over one set of charges, although it is often referred to as such. Discussions concerning lease and licence charges payable by airlines also fall within the scope of section 4B albeit that the discussions occur separately from those that set aeronautical prices. Consequently the asset base subject to section 4B is not defined by a single discreet event. Assets which form part of one consultation, will not form part of another consultation. This shows that the Commission could create confusion rather than clarity in persevering with this requirement.

Part D - Comments on the information disclosure schedules

75. NZ Airports has completed a further review of the Commission’s templates. In doing so it has endeavoured:

- To improve communication for users and interested parties (through simplification which is still consistent the Commissions draft decisions);
- To make corrections where the Commission’s updated position is not accurately reflected in the revised templates; and
- To address NZ Airport’s significant concern that the Commission’s updated position is unworkable or will require process changes for questionable benefit.

76. NZ Airports believes it is important that Commission undertakes every opportunity to simplify the schedules and to increase the likelihood that interested parties will interpret the Determination and Schedules appropriately over time.

77. In the table below we summarise NZ Airport’s recommended changes to the Information Disclosure Schedules:

Summary of Recommended Changes to Information Disclosure Schedules

Schedule No.	NZ Airports Comment	NZ Airports' Recommended Changes (see Appendix A)	Basis for recommendation
2	The calculation of the Regulatory Investment Value is inconsistent with the RAB roll forward calculation because it does not allow for recognition of lost and found assets and cost allocation adjustments.	New rows 74-75 added to provide for these adjustments.	Achieve consistency in disclosures.
5	NZ Airports has endeavoured to provide additional clarity in the roll forward calculations for Capital Work in Progress and Assets Held for Future Use.	New rows 68-92 added for amended WIP disclosure with Commission’s rows 93-98 deleted. New rows 124-146 added for amended Future Use Assets disclosure with Commission’s rows 117-122 deleted.	To give effect to NZ Airport’s recommendations concerning amendments to the Input Methodology Determination.

Schedule No.	NZ Airports Comment	NZ Airports' Recommended Changes (see Appendix A)	Basis for recommendation
9	NZ Airports has commented extensively on the lack of foundation for the GAAP reconciliation in the submissions made above. The Schedule should be deleted. An unsatisfactory alternative is that at the very least this requirement should be excluded for Property, Plant and Equipment given the extensive departures from GAAP mandated by the Commission and the complexity in maintaining a reconciliation.	Entire Schedule deleted or at the least row 21 in Schedule 9 deleted.	The requirement for the airports to derive GAAP outcome for the regulated business cannot be justified. Refer to the separate discussion in this submission.
11	The Commission has deleted the requirement for separate disclosure of Safety and Security expenditure however some references remain in the schedules.	Schedule 11a delete rows 17 to 19.	Commission's updated position is not accurately reflected.
12	The Commission has inserted a requirement in the Schedule for reporting of the number of times an air bridge was requested but not available.	Delete this requirement in rows 58-60.	The information provided in rows 24-29, which advises outages of air bridges, is sufficient and was supported by both BARNZ and NZ Airports. Furthermore the definition of these interruptions can be more accurately tracked than this additional proposal. In practice airports do not undertake all gate management and therefore may not be aware that an air bridge was not available unless advised by the airlines. In other words, airlines do not make requests to airports for air bridges in all cases with the airlines managing gate allocation.
12, 16	The Schedules contain numerous references to financial year.	All references should be amended to refer to "disclosure year".	Commission's updated position is not accurately reflected across all Schedules. Note: The Commission has accepted the different airport financial years which it has now changed to disclosure years. At

Schedule No.	NZ Airports Comment	NZ Airports' Recommended Changes (see Appendix A)	Basis for recommendation
			some point in the future if the airports were to change their financial years they would seek the Commission's agreement to similarly modify the disclosure years.
13	The definitions of the stand types are not quite right. A walking stand is not a contact stand.	Title amended at rows 27 and 39.	
13	It is impractical and onerous for the airports to monitor stand usage by the Other Aircraft Category and this requirement should be deleted.	Row 43 amended so that total movements only are required. A further totals column can be added to rows 39-43 to enable the total aircraft movements to be recorded for the other category.	This change is consistent with the approach to passengers where there is specific reference to use of the terminal facilities. It is also consistent with the Commission's recorded Outcomes/ Actions Points at the Information Disclosure Technical Working Session for Airports on 13 September 2010, which noted that " <i>annual disclosure of stand allocation for all flights for which passengers use the terminal should be feasible</i> " (see page 5, item 4.3 of the transcript).
15	NZ Airports submitted that items for which the airport is not responsible for providing the service should be deleted from the schedule. With respect to the Reliability Measures the Commission has taken the view that services that are operated and managed by a third party and are not being provided on behalf of, or under contract with, the airport are not specified airport services. NZ Airports considers it unreasonable that the Commission has not adopted this same approach for the passenger survey responses. NZ Airports again proposes deletion of these items.	Delete rows 26-27 and 43-45 from the Schedule.	Rectify an inconsistency in the Commission's approach.

Schedule No.	NZ Airports Comment	NZ Airports' Recommended Changes (see Appendix A)	Basis for recommendation
16	The Commission commented that it added some guidance on the level of disclosure required for aircraft movements.	It is not apparent that any guidance is provided. NZ Airports has added proposed comments to rows 7 and 8 of the Schedule. It may also be clearer to interested parties if the headings were amended for International and Domestic services and the reconciliation to the total.	NZ Airports seeks to further clarify the Commission's requirements.
16	NZ Airports submits that the total number of movements by stand type is not a meaningful statistic and provides no useful information. Relevant capacity information is provided in Schedule 13.	Rows 131 to 136 to be deleted.	Elimination of unnecessary and to some extent duplicate information.
18	This Schedule continues to be entitled the Report on Pricing Statistics which is not accurate given the inclusion of revenue from all specified airport services, including leases and licence revenue.	Schedule should be entitled Report on Specified Airport Service Revenues. The worksheet should also be renamed Revenue Statistics.	To more accurately reflect the Commission's updated position.
19	The Commission has deleted the requirement for separate disclosure of Safety and Security expenditure however some references remain in the schedules.	Delete rows 75 and 126 (150 in marked up version).	To implement the Commission's amended position.
19	NZ Airports accepts the Commission's addition to the Determination that airports should comment on how consumer expectations have been considered for capital projects.	NZ Airports disagrees that reference to this requirement is not necessary in the Schedules and has added a comments box at row 91 in Schedule 19.	To improve communication for interested parties (simplification which is still consistent with the Commissions draft decisions). As a principle NZ Airports considers that the disclosure schedules should show reference to all required disclosures.
20	The Commission has removed the requirement for airports to report actual freight statistics in Schedule 16 but has retained the requirement to forecast international freight volumes in	Either rows 27 to 29 should be deleted from Schedule 20, or actual outcomes should also be required with information from the more primary source – the airlines.	NZ Airports is seeking a consistent approach from the Commission.

Schedule No.	NZ Airports Comment	NZ Airports' Recommended Changes (see Appendix A)	Basis for recommendation
	Schedule 20. If the Commission expects the airports to improve their accuracy of forecasting in this area then access to the data must be provided by the airlines.		
20	The Commission requires forecasts of MCTOW for aircraft under 3t. As commented above the weight of small aircraft is not a determinant of the facilities required and the effort to produce this data is not warranted.	Delete rows 48 and 57.	Achieve efficiency in disclosures.
26	NZ Airports has endeavoured to provide additional clarity in the roll forward calculations for Capital Work in Progress and Assets Held for Future Use.	New rows 57-78 added for amended WIP disclosure with Commission's rows 80-86 deleted. New rows 102-123 added for amended Future Use Assets disclosure with Commission's rows 95-100 deleted.	To give effect to NZ Airport's recommendations concerning amendments to the Input Methodology Determination.
26	NZ Airports and BARNZ both submitted that the Vehicle, Plant & Equipment assets were not material (less than 5% of assets) and a detailed breakdown of these assets was not necessary. The Commission has not provided any explanation of why it considers this breakdown to be necessary. NZ Airports believes this goes beyond the point of "sufficient" information.	Delete rows 115 to 125.	

78. In relation to the last point in the table above we wish it emphasise the nature of the assets concerned. They comprise a high volume of smaller valued assets at each of the airports.

79. Both NZ Airports and BARNZ agree that they do not form a material component of assets and we show this from the last set of Disclosure Financial Statements available on each airports website:

- Auckland (2009 statements) 0.8% of total fixed assets
- Wellington (2010 statements) 2.7% of total fixed assets
- Christchurch (2008 statements) 3.9% of total fixed assets

(2009 statements can be obtained from CIAL but this was not considered necessary for this illustration)

Part E - Specific comments on the Revised Draft ID Determination

80. We repeat below the Commission’s summary of the changes made in the Revised Draft ID Determination. We have added NZ Airports comments on each of changes noted in the summary.

Historical Financial Information

#	Topic and Submitters’ Views—Quality Disclosures	Commission’s Draft Decision	NZ Airports' Comments
1	<p>Used and useful assets</p> <p>In the Input Methodologies Airport Services Draft Reasons Paper, the Commission proposed that the matter of whether an asset is both used and useful is appropriately left for interested persons to assess based on disclosed information.</p> <p>BARNZ considered that if the RAB was to contain assets regardless of their usefulness, then interested persons should be provided with sufficient information to make their own assessments of the asset’s usefulness. NZAA considered that the RAB should contain all used assets regardless of their usefulness.</p> <p>NZAA opposed the Commission’s September 2010 proposal to disclose additional information relating to the usefulness of assets. NZAA considered that the proposal was backward looking, resulted in considerable compliance costs and would not assist interested persons to assess if the purpose of</p>	<p>Airports should disclose sufficient information about assets such that interested persons can make their own assessments as to whether assets are ‘useful’.</p> <p>The Commission considers that the compliance costs of preparing this information should be reasonable given the airports can present it in a summarised form and have flexibility in how the information is aggregated. It is reasonable to expect that the airports would maintain financial information on significant assets.</p> <p>As many assets in the RAB will contribute to future operations and reported costs (eg depreciation), providing information about these assets has a forward looking nature.</p> <p>The Commission notes that Schedule 26b(iv) also includes disclosure of asset life information. Refer to Input Methodologies consultation paper for further explanation.</p> <p>Implementation</p> <p>The template for the initial RAB has been amended</p>	<p>NZ Airports does not repeat its earlier submissions on this issue but notes for the record that:</p> <ul style="list-style-type: none"> • There are few single large assets in the airport asset bases. Asset records comprise detailed components of large assets to enable appropriate asset depreciation and meet tax requirements. • This will require the airports to report asset information at a very high level and NZ Airports notes that the Commission has provided airports with this discretion. • Schedule 26 - the definition of asset needs to allow for singular or multiple assets to enable this schedule to be completed appropriately. The definitions currently refer to "an asset" and this table infers individual assets, yet the Commissions commentary on p6 #1 notes that airports can present the information in "summarised form". NZ Airports has recommended the addition of a definition for “asset”. • Depreciation lives for aggregated assets will therefore be composite lives that will not reflect the ultimate asset life in some

	<p>Part 4 is being met.</p>	<p>to provide information regarding the description and use of assets included in the initial RAB.</p> <p>New terms have been added to list of defined terms to support Schedule 26:</p> <ul style="list-style-type: none"> allocated value; asset life; description of land; description of use (land); description of use (significant assets); Initial RAB; Initial RAB value; other assets; and significant assets. 	<p>circumstances. For example, a composite life for a building will be a blend of a long term life for a building structure and shorter term lives for building fit out components, the composite life would be shorter than the total life for the building.</p>
	<p>Non-Standard depreciation</p> <p>NZAA and BARNZ both submitted that there should be a provision to disclose changes to both asset lives, and depreciation rates.</p> <p>This issue includes changes relating to assets which have become stranded.</p>	<p>Airports should be required to disclose changes to asset lives and depreciation rates which result in the introduction of or change to non-standard depreciation approaches.</p> <p>Airports should provide sufficient explanation to allow interested persons to make their own assessments regarding the changes adopted by the airport.</p> <p>Implementation</p> <p>A definition of 'Justification for change re non-standard depreciation methodology' was added to make the Commission's intent for the Schedules dealing with non-standard depreciation clear.</p>	<p>No comment.</p>

		<p>In Schedule 5 'flexible depreciation' has been renamed 'non-standard depreciation' to reflect Input Methodologies terminology.</p> <p>As any write-downs for stranded assets will be covered by the Schedule describing changes for non-standard depreciation, there is no need for a separate statement for stranded assets. Hence the Commission has removed the separate statement for stranded assets from Schedule 5b(iii) and the list of defined terms.</p>	
3	<p>Segmented regulatory profit Schedule</p> <p>NZAA proposed that in Schedule 6 (now Schedule 8), which reports on segmented regulatory profit, that the column 'eliminations/transfers' should be removed.</p> <p>BARNZ proposed maintaining it to provide disclosure of asset transfers.</p>	<p>The correct implementation of the cost allocation methodology and reporting of revenue in accordance with the requirements will eliminate the need for this column. This is because for any line item the sum of the values for segmented businesses should by definition equal the value of the regulated airport business.</p> <p>Accordingly there will be no need to eliminate the effect of inter-segmental transactions to produce the aggregate view of the regulated airport business.</p> <p>Retention of this column would not provide details about the transfer of assets between segmented businesses, as for assets the column only provides a year end view.</p> <p>Implementation</p> <p>Schedule 8 (formerly Schedule 6) amended by removing the 'eliminations/transfers' column.</p> <p>Removed reference to the 'elimination/transfers'</p>	<p>NZ Airports agrees that this is appropriate.</p>

		column from Schedule 9b(i) Regulatory/GAAP Adjustments.	
4	<p>Safety, security and environmental expenditure</p> <p>NZAA proposed removing the separate disclosure as it would be difficult to implement. NZAA was concerned that a broad approach to airport security, safety and environmental expenditure might be adopted.</p> <p>BARNZ did not support NZAA's proposal and submitted that safety is an important service provided by airports and therefore should be disclosed. BARNZ suggested that a narrower approach could be used to define this expenditure.</p>	<p>Due to the integral nature of safety and security to airports there is considerable scope in how this item could be defined.</p> <p>Aviation Security Service (AVSEC) performs many airport security tasks (eg, passenger screening and perimeter security). AVSEC recovers their costs by fees levied on airlines on a per passenger basis.</p> <p>Hence, reporting airports' expenditure on safety, security and environment using a narrower definition would have limited benefit, due to the role performed by AVSEC.</p> <p>The use of a broader definition which included expenditure with a safety, security or environmental component would be problematic as it could extend to a high percentage of the airports activities (eg, the RESA component of a runway or runway lighting), and cost allocations would be arbitrary and difficult.</p> <p>Implementation</p> <p>The Commission has removed separate disclosure of safety and security operational expenses, or security, safety and environmental' capital expenditure from Schedules 3a, 5b, 7a and 7b, and defined terms.</p>	<p>NZ Airports agrees that this is appropriate. However the Commission should also remove the requirement for separate disclosure of safety and security expenditure from Schedule 11 (rows 17 to19) and Schedule 19 (rows 75 and 126).</p>
5	<p>Capital contributions</p> <p>The Commission had previously proposed that</p>	<p>To give effect to the approach proposed in the revised draft the Input Methodologies</p>	<p>NZ Airports agrees that this is appropriate but notes that several definitions require alteration to</p>

	<p>capital contributions payable to an airport should be disclosed as regulatory income.</p> <p>NZAA and BARNZ responded to this proposal by suggesting an amendment as to the scope of the consideration that was treated as income.</p> <p>The Input Methodologies project has subsequently considered the issue of capital contributions and proposed that capital contributions should be netted off against the cost of the asset when it is recognised in the RAB, and hence not recognised as income.</p>	<p>Determination, the Commission has revised the reporting templates to remove capital contributions from regulatory income. The netting off of the capital contributions against the value of the RAB is applied in the Determination through the definition of Assets Commissioned, which has been updated in the revised draft Input Methodologies Determination.</p> <p>Implementation</p> <p>The Commission has deleted capital contributions from income in Schedule 3a and Schedule 8. The Commission has deleted non-taxable capital contributions from Schedule 4.</p>	<p>reflect this change.</p>
6	<p>Level of Disaggregation for Airport Activity Income</p> <p>The Commission previously proposed that airports should disaggregate operating revenue from airfield activities into several categories defined by the Commission.</p> <p>Submissions from both NZAA and BARNZ identified problems with the proposed category terminal services income with NZAA arguing it was too small to warrant separate disclosure.</p> <p>BARNZ and NZAA differed over the relevance of separate disclosure of income related to safety and security (see item 4 above).</p> <p>Discussion at the industry workshop indicated that there are differences in the pricing</p>	<p>Due to differences in how each airport charges its customers for airport activities, it will be difficult to implement predefined generic revenue categories which provide a meaningful level of disaggregation. The use of predefined categories could create difficulties for an airport should the categories not correspond with its pricing structure and for interested persons may imply a higher level of comparability than is warranted.</p> <p>Having Schedules 3a and 6a include revenue figures which correspond with each airport's pricing structure will allow interested persons to compare the revenues which airports have received to known price lists.</p> <p>To simplify compliance airports may combine the smaller line items.</p>	<p>NZ Airports agrees with this approach.</p>

	<p>structures used by airports. An issue is whether Schedules 3a and 6a should include separate disclosure of charges for the transportation of passengers between a terminal and an aircraft or other separated income relating to terminal services.</p> <p>NZAA proposed that income should be disclosed at a level sufficiently high 'to have application across all three airports'.</p>	<p>Revenue from leases, rentals and concessions should continue to be disclosed in its own predefined category.</p> <p>Implementation</p> <p>In Schedules 3a and 6a (new Schedule 8) the predefined income categories relating to safety and security, airfields, terminal services and passenger services have been removed. Instead, the Schedule has line items for airports to disclose the revenue received for each material charge for airport activities (eg, landing charges, passenger services charges).</p> <p>A separate line item 'other operating revenue' has been added to report smaller revenue flows to Schedules 3a and 8.</p> <p>Accordingly, all references to terminal services income have been removed from the Schedules and defined terms.</p> <p>New defined terms were added:</p> <ul style="list-style-type: none"> airport activity charge; and other operating revenue. 	
7	<p>Disclosure of land revaluation reports</p> <p>BARNZ proposed that the airports should publicly disclose valuation reports.</p> <p>NZAA responded to BARNZ that it agreed 'that valuation reports may be provided when valuations of regulated assets are undertaken'.</p>	<p>Public disclosure of the most recent land revaluation report is important as it will inform interested persons about the RAB which affects airports' disclosed capital costs.</p> <p>Implementation</p> <p>The Commission has added a new requirement (sub-clause 7.2) that the airports must disclose a</p>	<p>NZ Airports has previously advised that the airports will provide valuation reports for the RAB to interested parties.</p>

	NZAA considered that the BARNZ proposal was beyond the 'point of sufficiency' and that a high level summary should be sufficient.	recent valuation report when the report relates to land which is used in full or part in the provision of specified airport services.	
8	<p>Adjustments to Initial RAB</p> <p>BARNZ proposed that detailed disclosures should be required "on adjustments to the 2009 disclosed asset base when setting the initial RAB".</p>	<p>The Commission considers that for the purpose of Part 4 it is only necessary to provide disclosure of the value of the initial adjustments to the initial RAB to the level shown in Schedule 27a.</p> <p>The Commission notes, however, that:</p> <p style="padding-left: 40px;">adjustments for 'assets held for future use' and 'works under construction' are rolled forwards under the reporting regime; and</p> <p style="padding-left: 40px;">airports must disclose the valuation reports for their MVAU land valuations under other parts of the Requirements.</p> <p>For the initial adjustments the Commission considers that requiring the airports to complete Schedule 10a for the disclosure years ended 2009 and 2010 will assist interested persons to understand the initial regulatory asset base.</p> <p>Implementation</p> <p>The Commission has amended clause 15.1 of the Requirements to require the airports to publish Schedule 10a 'Report on Asset Allocations' for the disclosure years ended 2009 and 2010, as part of the transitional provisions.</p>	NZ Airports notes the Commission's conclusions on Schedule 27 (Schedule 26 in the templates).
9	<p>Order of Schedules</p> <p>BARNZ proposed that Schedule 6 and 7 should be located next to schedule 10 and 11</p>	The proposed repositioning will improve the readability of the regulatory reporting.	No comment.

	(presentation only issue).18 NZAA had no objection to this proposal.	<p>Implementation</p> <p>Reorder schedules such that Schedules 6 and 7 become Schedules 8 and 9 respectively.</p>	
10	<p>Credit spread differential</p> <p>The draft Determination specified that the term of the debt premium will match the term of the risk-free rate and did not include a separate allowance for long term credit spread differential.</p> <p>Airports considered that prudent firms in a competitive market will match their debt maturities to the life of the assets.</p>	<p>As part of the Input Methodologies project, the Commission considered the issue of long term credit spread differential. To give effect to the approach proposed by the Input Methodologies project, the Commission will recognise an allowance for long term credit spread. The new allowance applies only to airports whose debt portfolio has a weighted average original tenor greater than five years.</p> <p>Further explanation is provided in the Input Methodologies consultation papers.</p> <p>Implementation</p> <p>In the Report on Regulatory Profit (Schedule 3a) the line item 'Allowance for long term credit spread' has been added.</p> <p>Schedule 3b(i) has been added to explain the allowance for long term credit spread.</p> <p>Subsequent 3b Schedules have been renumbered.</p> <p>New terms has been added to list of defined terms to support Schedule 27b(i):</p> <ul style="list-style-type: none"> allowance for long term credit spread; business day; book value; coupon rate; 	<p>Refer to NZ Airports submission on the Draft Input Methodology Determination.</p>

		<p>execution cost for an interest rate swap;</p> <p>issue date;</p> <p>notional debt issue cost readjustment;</p> <p>non-qualifying debt;</p> <p>original tenor;</p> <p>pricing date;</p> <p>qualifying debt;</p> <p>term credit spread difference;</p> <p>unweighted market bid yield equal to the original tenor;</p> <p>unweighted market bid yield of five year debt;</p> <p>and</p> <p>vanilla NZ\$ denominated nominal bonds.</p> <p>The Commission has renamed 'regulatory profit / (loss) before tax' to 'regulatory profit / (loss) before tax & allowance for long term credit spread'.</p> <p>The Commission has redefined 'regulatory profit / (loss)' to reflect the allowance for long term credit spread.</p>	
11	<p>Other changes to existing defined terms</p> <p>Revisions to defined terms to improve accuracy, clarity and/or consistency with the Input Methodologies Determination.</p>	<p>Existing defined terms should be amended to improve accuracy; consistency with the Input Methodologies draft Determination; and/or to assist the airports prepare the Schedules and/or interested persons understand the information disclosed.</p>	<p>NZ Airport has provided separate comment on the definitions where appropriate in the body of the submission and in Appendix A.</p>

		<p>Implementation</p> <p>The following defined terms have been amended:</p> <ul style="list-style-type: none"> asset allocator; asset category; asset maintenance opex; asset management and airport operations opex; assets held for future use additions; assets not directly attributable; capital expenditure; cost allocation adjustment; cost allocator; cost of financing works under construction; financial year (replaced by disclosure year); flexible depreciation methodology has been replaced with Non-Standard Depreciation Methodology; gains / (losses) on asset sales; line item; net operating revenue; new allocator or components; non-standard depreciation disclosure; operating cost category; original allocator or components; property plant and equipment (excluding works 	
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		<p>under construction);</p> <p>RAB (tax value);</p> <p>RAB investment;</p> <p>Rationale;</p> <p>revaluation rate;</p> <p>tax depreciation;</p> <p>tax value of asset disposals;</p> <p>total directly attributable;</p> <p>total not directly attributable;</p> <p>unregulated activities (renamed unregulated services; and</p> <p>works under construction.</p>	
12	<p>Other new defined terms</p> <p>Add definitions for terms used in the templates or other parts of the Determination.</p>	<p>New defined terms should be added to explain terms used in the templates or other parts of the Determination. When appropriate these terms should refer to, or be consistent with, the Input Methodologies draft Determination. Defining terms will assist the airports prepare the Schedules and/or interested persons understand the information disclosed.</p> <p>Implementation</p> <p>The following defined terms have been added:</p> <p>asset value;</p> <p>other assets;</p> <p>holding cost;</p>	<p>NZ Airport has provided separate comment on the definitions where appropriate in the body of the submission and in Appendix A.</p>

		initial value; net revenue; and tracking revaluations.	
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Quality disclosure

#	Topic and Submitters' Views—Quality Disclosures	Commission's Response	NZ Airports' Comments
1	<p>Definition of arrival & departure times</p> <p>BARNZ proposed that arrival and departure time be defined in respect of onblock and off-block apron times, and noted that this would be in accordance with an overseas definition of on-time delays.</p> <p>Working session attendees proposed that arrival and departure definitions be applied as follows: Schedule 12 on-time departure delay disclosures are based on off-block times; Schedule 13 busy periods on touchdown and lift-off times; and Schedule 14 busy periods on on-block/off-block times.</p>	<p>The draft Determination (through its arrival and departure time definitions) required that the busy hour and busy days in the throughput and departure delay disclosures be time-stamped using the touchdown and lift-off times provided to the airport by Airways Corporation.</p> <p>Passenger terminal utilisation can be more accurately assessed by using passenger volume data time-stamped with on-block and off-block apron times, as this will more closely reflect terminal egress and ingress times.</p> <p>The Commission understands taxiway congestion does not contribute significantly to flight delays at present (although it may do so in the future). The airlines prefer to use off-block times when assessing on-time departure delays. The process to be developed by airports for establishing which party is responsible for each on-time delay will require involvement of both airports and airlines, and the Commission considers that defining departure delays in terms of off-block times may</p>	<p>NZ Airports agrees with this approach.</p>

#	Topic and Submitters' Views—Quality Disclosures	Commission's Response	NZ Airports' Comments
		<p>expedite the development of this process by providing consistency with current reporting practices.</p> <p>Attendees at the working session considered that airlines could provide information held on Airways' Collaborative Arrival Manager (CAM) system to airports to assist with the preparation of these disclosures.</p> <p>Implementation</p> <p>Schedule 12 on-time departure delay disclosures are now based on off-block times.</p> <p>Schedule 13 busy periods continue to be based on touchdown and lift-off times.</p> <p>Schedule 14 busy periods are now based on on-block/off-block times.</p> <p>Arrival time and departure time definitions have been replaced by terminal arrival time, runway arrival time, terminal departure time, and runway departure time definitions.</p> <p>The definition of on-time departure delays now specifies terminal departure time.</p> <p>The definition of passenger busy hour specifies terminal arrival time and terminal departure time.</p>	
2	Schedule 13 (aircraft movements) busy day stand access	Disclosure of busy day stand access is important as it will contribute to an understanding of future	The airports have no processes to place to monitor stand use by aircraft operators that do not use the terminal facilities. NZ Airports does not consider

#	Topic and Submitters' Views—Quality Disclosures	Commission's Response	NZ Airports' Comments
	<p>Submitting parties proposed changing the aircraft categories.²² NZAA also indicated that disclosure of stand use for each category may be impractical as aircraft movement data from Airways Corporation does not record the stand allocated to each flight, and proposed that instead total runway movements and an average 'per stand' figure be disclosed.</p> <p>The Sept 2010 workshop attendees agreed that contributing information can be sourced from airport/airlines allocation records, but noted that the stand allocation processes from which this information is derived will not pick up all stand usage (including parking spaces leased or reserved for military flights).</p>	<p>investment requirements and the extent to which airports are able to meet the needs of passengers and air operators during periods of high demand.</p> <p>Aircraft categories that better reflect the type of aircraft than the flight route are appropriate to busy hour stand access disclosures. The revised draft Schedule 13 contains four aircraft categories for the disclosure of busy day aircraft movements.</p> <p>Of these, three categories relate to air passenger service flights with the fourth category consisting of all other flights which use airport apron stands.</p> <p>Passenger flights that take place within New Zealand and which do not land at any other airport (eg, scenic flights) do not constitute domestic flights under the definition of domestic and so would be included, along with non-passenger flights, in the 'Other' category. Also included in the 'Other' category are general aviation flights that take place within New Zealand.</p> <p>Implementation</p> <p>The aircraft categories for aircraft movements disclosure have been changed to:</p> <p style="padding-left: 40px;">Air passenger services:</p> <ul style="list-style-type: none"> - International; - Domestic jet, 	<p>that the cost of establishing systems to monitor stand use for Other Aircraft can be justified.</p> <p>NZ Airports has therefore proposed removing the requirement to the number of Other Aircraft per stand type and instead show this as the total number of busy hour movements only. NZ Airports notes that this approach is consistent with the outcome from the Technical Workshop on 13 September.</p>

#	Topic and Submitters' Views—Quality Disclosures	Commission's Response	NZ Airports' Comments
		<p>- Domestic turbo-prop; Other (incl. General Aviation).</p> <p>Calculated totals are labelled 'Total aircraft movements during busy day'.</p>	
3	<p>Definition of passenger</p> <p>Working session attendees agreed that 'passenger' should be a defined term and not be limited to revenue passengers.</p> <p>NZAA proposed that the definition of passenger should refer to persons transported by an operator of regular air passenger transport services. The definition of 'regular air passenger transport services' would replace the definition of 'scheduled operation', and would mean a service offered by an operator consisting of four or more air transport operations for the carriage of passengers between two or more aerodromes within any consecutive 28 day period, excluding charter, non scheduled and general aviation operations.</p> <p>BARNZ disagreed, commenting that limiting passengers to those carried on regular air transport passenger services will not capture all passengers using terminal facilities. BARNZ proposed that 'passenger' be defined to mean</p>	<p>Including a definition of passenger will improve comparability of passenger number information. The definition should reflect the number of people using the functional components of the terminal, irrespective of whether charges are levied on, or on behalf of, them by airports and airlines.</p> <p>The term 'scheduled operations' referred to scheduled movements which occurred within 15 minutes of the scheduled time. Although the term 'scheduled' appears in a number of the interruption to service definitions, it is not used in the sense of scheduled movements which occurred within 15 minutes of the scheduled time.</p> <p>Implementation</p> <p>'Passenger' is defined to mean a person transported by an operator of an air passenger service, including airline staff on duty travel and passengering crew, excluding crew operating the service and excluding persons that do not pass through the passenger terminal while disembarking or embarking.</p> <p>'Air passenger service' is defined to mean an air</p>	<p>NZ Airports concern was to ensure that the airports would not be required to capture information from general or itinerant operators.</p> <p>The revised definition achieves this, however, NZ Airports reiterates its comments in the body of its submission concerning the inclusion of a clause in the Determination that absolves airports from a breach of the Determination if the airlines or third parties do not provide the necessary information..</p>

#	Topic and Submitters' Views—Quality Disclosures	Commission's Response	NZ Airports' Comments
	<p>any person carried on an aircraft, excluding:</p> <p>(a) Persons that do not use the specified passenger terminal activity facilities provided at that Airport; and</p> <p>(b) Crew operating the service.</p> <p>BARNZ also rejected NZAA's suggestion that the definition 'scheduled operation' be replaced, noting that the term 'scheduled' applies to a number of definitions that concern interruptions to service.</p>	<p>operation operated by an air operator for the carriage of passengers.</p> <p>The definition of 'scheduled operation' has been removed.</p>	
4	<p>Schedule 12 interruptions to material services should exclude 3rd party services</p> <p>NZAA proposed that, due to the difficulty of collecting information, the scope of this disclosure be limited to airbridges owned by the airport. BARNZ proposed that an explanatory note be added to Schedule 12 stating "Disclosure of interruptions should not include interruptions to any assets owned and managed by a third party, and which are not being provided on behalf of, or under contract with, the Airport".</p>	<p>Disclosures concerning interruptions to material services (including airbridges) are limited to interruptions to the supply of specified airport services. As defined in section 56A of the Commerce Act 1986, any specified airport service must be a service that is supplied by AIAL, CIAL or WIAL. In the Commission's view, services that are operated and managed by a third party and are not being provided on behalf of, or under contract with, the airport are not specified airport services.</p> <p>Implementation</p> <p>To provide clarification, the definition of interruptions has been expanded.</p> <p>Disclosure of interruptions should not include interruptions to any services that are operated and managed by a third party and are not being</p>	<p>NZ Airports agrees with this approach but notes that the Commission has not been consistent in taking this approach with respect to the Passenger Surveys. NZ Airports also notes the Quality worksheets are not adjacent to each other and there may be merit in moving Schedule 12 alongside Schedule 15 for ease of interpretation. Further the operational improvement forums relate primarily to the services reported on the in the Report on Reliability Measures so these should be side by side.</p>

#	Topic and Submitters' Views—Quality Disclosures	Commission's Response	NZ Airports' Comments
		provided on behalf of or under contract with the airport.	
5	<p>Schedule 12 fixed electrical ground power units</p> <p>NZAA proposed that the requirement to disclose the proportion of time that FEGP supply is unavailable be removed since FEGP is an elective service not available at all airports. NZAA suggested FEGP is not sufficiently important to warrant additional disclosure and notes that it is not clear how non-availability would be calculated and planned maintenance treated.</p> <p>BARNZ noted that CIAL is currently discussing with airlines whether to install ground power units as part of the current terminal project and suggested that the use of ground power units is likely to become more common given the environmental benefits of reducing aviation fuel usage through Auxiliary Power Units.</p>	<p>The provision of FEGP units is likely to become increasingly important to airlines and other interested persons. Attendees at the working session agreed that FEGP reliability information should be disclosed at airports where the service is provided.</p> <p>Implementation</p> <p>A requirement to disclose FEGP availability has been added to Schedule 12.</p> <p>The term 'Interruption to fixed electrical ground power units' has been defined to mean that a fixed electrical ground power unit was scheduled for supply to an aircraft but was not available. The percentage of time that FEGP is not available due to interruptions is defined as the sum of the duration of each interruption during the financial year divided by the sum of the scheduled durations of FEGP supply to each aircraft during the financial year.</p>	<p>NZ Airports maintains its view that FEGP is not a material service, however, the Commission's revised disclosures are now practical and therefore achievable.</p>
6	<p>Schedule 12 transitional provisions</p> <p>NZAA proposed (supported by BARNZ) that the requirement to disclose interruptions by party responsible be removed in the transitional year, and that this be effected by</p>	<p>As noted in the draft Reasons Paper, although airports were required to collect loss of material service data, they were not required under the AAA disclosure requirements to categorise this information by party responsible. The Commission</p>	<p>NZ Airports agrees with this approach.</p>

#	Topic and Submitters' Views—Quality Disclosures	Commission's Response	NZ Airports' Comments
	<p>inserting the following subclause in the Determination:</p> <p>“15.6(c) interruptions by party responsible, as otherwise required to be disclosed in accordance with the Report on Reliability Measures as set out in Schedule 12”.</p>	<p>considered that no transitional provisions should be required in respect of the loss of material service indicators since the draft Determination provides for these indicators to be categorised as occurring for undetermined reasons.</p> <p>Implementation</p> <p>Subclause 15.6(c) has been added to clarify that during the transitional year information should be entered in the ‘undetermined reasons’ entry boxes of Schedule 12.</p>	
7	<p>Schedule 12 clarification of ‘party responsible’</p> <p>In submissions, BARNZ proposed that the requirement to disclose ‘interruptions by party responsible’ be clarified as ‘interruptions by party predominantly responsible’. This proposal was supported by NZAA.</p>	<p>These measures are intended to provide interested persons with information concerning the reliability of the airport’s provision of service. There may be instances where other parties have contributory responsibility for the interruption and sole responsibility cannot be ascribed. Disclosures should be categorised by the party (airport or airline) primarily responsible for causing the interruption.</p> <p>Implementation</p> <p>The references in Schedule 12 to ‘party responsible’ have been changed to ‘party primarily responsible’.</p>	NZ Airports agrees with this approach.
8	<p>Schedule 12 airbridge service interruptions and availability</p> <p>Submitting parties considered the disclosure</p>	<p>The line 52 disclosure requirement in the draft Schedule 12 (the average number of working airbridges) effectively duplicated other draft</p>	<p>Schedule 12 requires the reporting of the number and duration of interruptions to contact stands / air bridges, which in turn is defined as where a</p>

#	Topic and Submitters' Views—Quality Disclosures	Commission's Response	NZ Airports' Comments
	<p>requirement at lines 51–54 of the draft Schedule 12 (airbridge availability) to be unnecessary as it is already reflected in the disclosure requirements at lines 24–29 of the Schedule (contact stands and airbridges) and line 42 of the draft Schedule 13 (airbridges).</p>	<p>disclosure requirements.</p> <p>The Commission notes that the description of the disclosure requirement in line 54 of Schedule 12 was missing from both the draft schedule and the template. This requirement was described in the Draft Reasons Paper, and also was discussed by participants at the working session.</p> <p>Implementation</p> <p>The requirement to disclose the average number of working airbridges (line 52) has been removed from Schedule 12.</p> <p>The disclosure requirement in line 54 of the draft Schedule 12 is now labelled 'The total number of aircraft movements during financial year where an airbridge was requested but was not available'.</p>	<p>contact stand/air bridge was scheduled and no alternative contact stand/air bridge was provided. It is very difficult for NZ Airports to see how this can be meaningfully distinguished from the disclosure requirements at line 54, "The total number of aircraft movements during financial year where an air bridge was requested but was not available."</p> <p>In order to capture information accurately the airports need to adapt existing systems and processes to align these with the Determination. Training of staff in the Determination will be increasingly difficult where the additional information in one disclosure over another is unclear. The interpretation by interested parties will also not be clear. NZ Airports recommends the later disclosure is removed.</p>
9	<p>Schedule 13 aircraft parking stands</p> <p>Submitting parties proposed that the primary use of the parking stands be categorised as: International jet, Domestic jet, Domestic turbo-prop; and with the total labelled 'Total stands'.</p>	<p>The Commission understands that these categories of air passenger service are sufficient to reflect the primary use of all stands.</p> <p>Implementation</p> <p>The primary use categories have been changed to:</p> <p style="padding-left: 40px;">Air passenger services:</p>	<p>NZ Airports agrees with the Commission's change.</p>

#	Topic and Submitters' Views—Quality Disclosures	Commission's Response	NZ Airports' Comments
		<p>International; Domestic jet; Domestic turbo-prop.</p> <p>Calculated totals have been labelled Total stands.</p>	
10	<p>Schedule 13 aircraft parking stands</p> <p>Parties propose relabelling column headings as 'airbridge', 'contact stand– walking' and 'remote stand–bus'.</p>	<p>The Commission understands that the revised terms reflect standard industry usage.</p> <p>Implementation</p> <p>The stand types in the Schedule 13 busy day stand access disclosure, the Schedule 13 aircraft parking stands disclosure, and the Schedule 16b terminal access disclosure have been renamed, from aerobridge, ground, and remote to:</p> <p>Contact stand—airbridge Contact stand—walking Remote stand—bus.</p>	NZ Airports agrees with the Commission's change.
11	<p>Number of definitions concerning functional components</p> <p>Definitions: Parties consider that the number of definitions relating to functional components should be reduced, largely to reduce the risk of confusion and error.</p>	<p>At the working session Airbiz and NZAA suggested that specificity would be retained if terms similar to 'making adjustment for...' were used in the busy hour and passenger throughput definitions.</p> <p>Implementation</p> <p>Busy hours and passenger throughput definitions were previously defined for each functional component of the passenger terminal. These separate definitions have been replaced with two</p>	NZ Airports agrees with the revised approach.

#	Topic and Submitters' Views—Quality Disclosures	Commission's Response	NZ Airports' Comments
		<p>definitions:</p> <p>‘passenger busy hour’; and</p> <p>‘passenger throughput’.</p> <p>A new definition, ‘passenger category’, lists the categories of passenger (eg, passengers on outbound international aircraft and passengers on inbound domestic aircraft) used for determining passenger busy hours. Rather than separately define each passenger category, the four component terms:</p> <p>‘inbound’</p> <p>‘outbound’</p> <p>‘domestic and’</p> <p>‘international’</p> <p>are defined.</p> <p>The passenger category ‘that best reflects the passenger usage of the functional component’ is used to derive the busy hour for a functional component of the passenger terminal. Passenger throughput during the busy hour is equal to the number of passengers in this passenger category adjusted, ‘if transit and transfer passengers do not normally pass through the functional component’, by an estimate of the number of transit and transfer passengers contained in the passenger</p>	

#	Topic and Submitters' Views—Quality Disclosures	Commission's Response	NZ Airports' Comments
		category.	
12	<p>Schedule 14 floor area definitions</p> <p>Submitting parties proposed excluding 'landside circulation inbound' from the definition of functional components for capacity utilisation reporting as this component exists only at Wellington airport.</p> <p>In submissions, BARNZ proposed that the definition of 'passenger facilities functional floor space' be deleted.</p>	<p>Wellington Airport has an identifiable landside circulation area that provides landside passageway for both inbound and outbound passengers. Utilisation of this area would be under-represented if it were considered to provide passageway for only outbound passengers. At the working session, attendees agreed that it made sense to retain 'landside circulation inbound' as a functional component for Wellington Airport.</p> <p>Although passenger facilities are part of the 'total passenger terminal functional areas providing passenger facilities and service', the disclosure requirements do not consider passenger facilities to be a stand-alone functional area. Consequently, a stand-alone definition of 'passenger facilities functional floor space' is not required.</p> <p>Implementation</p> <p>The definitions of 'Landside circulation inbound' and 'landside circulation outbound' specify that floor areas which are shared by inbound and outbound passengers at any airport be equally allocated between the two functional areas.</p> <p>The redundant definition 'landside circulation overall functional floorspace' has been removed.</p> <p>The definition of 'passenger facilities—functional</p>	<p>NZ Airports accepts that the landside circulation definitions are appropriately retained for WIAL.</p>

#	Topic and Submitters' Views—Quality Disclosures	Commission's Response	NZ Airports' Comments
		<p>floor space' has been deleted and floor space that it describes has been moved into the definition of 'total passenger terminal functional areas providing passenger facilities and service—floor space'.</p>	
13	<p>Schedule 14 disclosure of passenger numbers, passenger/m2 ratios, or both</p> <p>Parties proposed in submissions that, for each functional component of the passenger terminal, the throughput of passengers during the busy hour be disclosed as a ratio (passengers per 100m2) rather than as a headcount.</p>	<p>Separately disclosing the numerator and denominator of the capacity utilisation ratios improves clarity and assists interested persons to identify trends. Disclosing the derived capacity utilisation ratios can make this information more readily available and may make it easier for airports to provide commentary concerning the ratios.</p> <p>Implementation</p> <p>Schedule 14 disclosures require disclosure of passenger throughput by headcount in respect of each functional component. Cells for displaying the calculated capacity utilisation ratios have been added to Schedule 14.</p>	No comment.
14	<p>Schedule 14 standardisation of the terms describing service points in floor area definitions and schedules</p> <p>Parties proposed a number of terms to describe the service points in a passenger terminal.</p>	<p>The Determination should use industry-agreed terms.</p> <p>Implementation</p> <p>The following terminology is used in the floor area definitions and in Schedule 14:</p> <p style="padding-left: 40px;">a generic term is applied to the SmartGate automated border processing system with the</p>	NZ Airports agrees.

#	Topic and Submitters' Views—Quality Disclosures	Commission's Response	NZ Airports' Comments
		<p>units described as 'kiosks';</p> <p>security 'screening points' rather than 'screening counters' (Schedule 14) and booths and benches rather than 'counters' (definition of biosecurity and customs screening floor space; and</p> <p>Emigration and immigration booths rather than 'counters' (Schedule 14).</p>	
15	<p>Schedule 14 transit and transfer passenger figures</p> <p>Airbiz noted and other parties acknowledged that the transit and transfer passenger numbers used by airports for their busy hour capacity utilisation calculations may be estimates and proposed that these be labelled as such.</p>	<p>The Commission recognises that airports may have limited information concerning the passenger composition of domestic flights to accurately report the numbers of domestic transit and transfer passengers during a busy period. The airports may also not have precise information concerning the dwell times of international transit and transfer passengers. The estimated figures should be disclosed to allow interested persons to understand the effect of these assumptions.</p> <p>Implementation</p> <p>Transit and transfer passenger numbers are labelled 'estimated' in the definitions and in Schedule 14.</p>	NZ Airports agrees.
16	<p>Schedule 14 baggage outbound—capacity and throughput</p> <p>BARNZ proposed changing the units in the baggage outbound—notional capacity definition from passengers per hour to bags</p>	<p>Schedule 14 to the draft Determination required that baggage system capacity be expressed in both bags per hour and passengers per hour. The latter reflected an initial preference that all terminal capacity utilisation measures be directly assessable</p>	NZ Airports agrees.

#	Topic and Submitters' Views—Quality Disclosures	Commission's Response	NZ Airports' Comments
	<p>per hour.</p> <p>Airbiz and NZAA agreed with this proposal and proposed that Schedule 14 be revised such that disclosure is made only in terms of bags per hour. NZAA also proposed technical wording changes to the capacity and throughput definitions.</p>	<p>in passenger per hour terms. However baggage processing capacity, when expressed in passengers per hour, is dependent on the average number of bags checked in by each passenger—an estimated figure that can vary with the timing of the busy hour.</p> <p>The Commission's draft view is that baggage processing capacity should be expressed in bags per hour as it is the more accurate and consistent indicator. For comparability, the utilisation indicator should also be expressed in the same units.</p> <p>The Commission notes that the passengers per busy hour and the bags per busy hour disclosures will provide interested persons with sufficient information to convert the disclosed capacity into passenger per hour terms if necessary.</p> <p>Implementation</p> <p>'Baggage outbound—notional capacity' is defined in units of bags per hour.</p> <p>'Baggage outbound—notional capacity' and 'Baggage outbound—throughput of bags' contains technical wording changes.</p> <p>The Schedule 14 busy hour baggage outbound disclosures now list:</p> <p>Capacity, expressed solely in bags per hour; and</p>	

#	Topic and Submitters' Views—Quality Disclosures	Commission's Response	NZ Airports' Comments
		Throughput, expressed in bags per hour.	
17	<p>Schedule 14 outbound turboprop passenger</p> <p>Parties proposed replacing references to 'outbound turboprop passengers' with 'outbound domestic passengers not requiring security screening'. The term described an adjustment to calculate passenger throughput for domestic security screening. Following a subsequent proposal for a new passenger category to define a domestic security screening busy hour (see item 'Schedule 14 busy hour—for passenger number' below), NZAA and BARNZ proposed that the new passenger category be then defined as 'outbound domestic passengers requiring security screening'.</p>	<p>The proposed terminology accurately reflects the meaning of the term and the purpose of the reference.</p> <p>Implementation</p> <p>The definition of passenger categories includes 'passengers on outbound domestic aircraft that require security screening of passengers'.</p>	NZ Airports agrees.
18	<p>Schedule 14 total (inbound and outbound) capacity utilisation of each terminal</p> <p>Submitting parties note that volumes of inbound and outbound passengers each move through the terminal as a wave, and although the separate flows can be used effectively to assess utilisation of individual functional areas, the aggregate flow cannot be applied to the whole terminal. Parties proposed that</p>	<p>Implementation</p> <p>Total (inbound plus outbound) passenger flows have been excluded from the 'busy hour—for passenger number' and 'throughput of passengers at a functional component of a passenger terminal' definitions.</p> <p>The disclosure requirements have been removed from Schedule 14.</p>	NZ Airports agrees.

#	Topic and Submitters' Views—Quality Disclosures	Commission's Response	NZ Airports' Comments
	the requirement to disclose the total number of passengers in the terminal in the busy hour (utilisation for all inbound and outbound passengers) is removed, and that lines 101 (Busy hour start time) and 105 (Throughput of passengers in the busy hour) of Schedule 14 be deleted.		
19	<p>Schedule 14 baggage reclaim capacity</p> <p>Airbiz proposed that the disclosure of baggage reclaim capacity be expressed in bags per hour. NZAA proposed that the definition of baggage reclaim capacity be expressed only in bags per hour. NZAA also proposed a revised definition that does not associate wide-body jet requirements with international baggage reclaim facilities.⁴⁶</p>	<p>Schedule 14 to the draft Determination required that baggage system capacity be expressed in passengers per hour, reflecting an initial preference that all terminal capacity utilisation measures be directly assessable in passenger per hour terms.</p> <p>As with baggage make-up measures, measures that express baggage reclaim capacity and throughput in units of bags per hour provide a relatively accurate and consistent indicator of utilisation.</p> <p>Implementation</p> <p>'Baggage reclaim—notional capacity' is now defined only in bags per hour, and means the capacity of baggage reclaim facilities is expressed in bags per hour, assessed using accepted industry practice taking account of the numbers, types and sizes of aircraft expected to usually arrive in the passenger busy hour applicable to the baggage reclaim functional component.</p> <p>'Baggage reclaim—throughput of bags' is defined</p>	NZ Airports agrees.

#	Topic and Submitters' Views—Quality Disclosures	Commission's Response	NZ Airports' Comments
		<p>to mean an estimation of the number of bags being delivered through the system during the relevant hour, based on the throughput of passengers in that hour and an assumed number of bags per passenger.</p> <p>The Schedule 14 busy hour baggage reclaim disclosures now list:</p> <p style="padding-left: 40px;">Notional reclaim unit capacity during the busy hour (bags/hour);</p> <p style="padding-left: 40px;">Bags processed during the busy hour (bags/hour).</p>	
20	<p>Schedule 14 busy hour—for passenger numbers</p> <p>At the October workshop Airbiz noted that the busy hour for outbound domestic passengers and the busy hour for outbound domestic passengers requiring security screening do not coincide, meaning that the disclosed utilisation of the security screening functional component may not be a true representation of utilisation. Airbiz proposed that a separate 'outbound domestic passengers requiring security screening' busy hour be disclosed. NZAA agreed with this proposal.</p>	<p>As capacity utilisation changes significantly with time of use, it is important that the selected busy hour be representative of a high use period. The cost to airports of deriving this additional busy hour is relatively small.</p> <p>Implementation</p> <p>The definition of 'passenger category' lists the categories of passenger flow for which the busy hours are disclosed (and from which the passenger throughputs at each functional component are derived). A new passenger category, 'passengers on outbound domestic aircraft that require security screening of passengers' has been included in the definition.</p>	NZ Airports agrees.

#	Topic and Submitters' Views—Quality Disclosures	Commission's Response	NZ Airports' Comments
21	<p>Schedule 15 fieldwork documentation</p> <p>NZAA proposed including in schedule 15 an entry field for disclosing the date on which the survey fieldwork documentation was made public.</p>	<p>Publicly available information is to be posted on the Internet and should be easily accessible by interested persons.</p> <p>Implementation</p> <p>A requirement that the Internet location of the fieldwork documentation be provided in the Schedule 15 commentary box has been added to the Determination (clause 8.5 and Schedule 15).</p>	<p>NZ Airports agrees.</p>
22	<p>Definition of MCTOW</p> <p>BARNZ proposed that the definition of MCTOW specify that it be the value contained in the aircraft's Certificate of Registration.⁴⁹ NZAA agreed, noting that this would enable independent verification of the reported values.</p>	<p>The proposed change better reflects the purpose of the referenced term.</p> <p>Implementation</p> <p>The definition of MCTOW has been revised.</p>	<p>NZ Airports agrees.</p>
23	<p>Schedule 16(a) aggregation of aircraft types</p> <p>In submission, NZAA proposed aggregating the last 20% of aircraft in each weight category as 'Others'.</p> <p>BARNZ noted in cross submission that this could result in as few as 2 or 3 aircraft types being disclosed and that even with a lower threshold this would have excluded the need to disclose A380 usage following the expansion of the AIAL runway. BARNZ</p>	<p>The Draft Reasons Paper stipulates that aircraft types should be differentiated by the manufacturer's model. The Commission understands that the information requirements can be disclosed to within the specific model of aircraft type eg, 777-300, but not to sub-type level eg, 777-300 ER without resulting in excessively long disclosure lists.</p> <p>Implementation</p> <p>A description of the required level breakdown of</p>	<p>It is not clear that the revised Schedule 16 provides any guidance and therefore all aircraft types must be listed. This is not a significant issue but on the current basis the lists will contain some immaterial information.</p> <p>NZ Airport has proposed some wording for this schedule to provide the guidance referred to by the Commission.</p>

#	Topic and Submitters' Views—Quality Disclosures	Commission's Response	NZ Airports' Comments
	suggested listing 95% of aircraft types per weight category plus all types for which capex was expended in last 10 years.	aircraft types is included in Schedule 16a.	
24	<p>Schedule 16(d) international freight statistics</p> <p>NZAA indicated that new information feeds will be required from airlines to verify the actual international freight base volumes on airport.</p>	<p>The Draft Reasons Paper noted that, although freight operations are a potential driver of airport growth, information concerning the annual volumes of domestic freight will not assist interested persons sufficiently to justify the cost of collecting the domestic data. The Commission considered that the annual international freight volumes should be disclosed as these would still provide a useful indicator of consumer value that is provided by the airports.⁵⁴</p> <p>The Commission notes however that interested persons can source annual figures on export and import volumes at each airport from the Statistics Department.⁵⁵</p> <p>Particularly as comparable information is available elsewhere, the Commission considers the cost to airports of disclosing annual freight volumes in a timely manner would exceed the value of the information to interested persons.</p> <p>Implementation</p> <p>Schedule 16(d) requirement to disclose international freight volumes for the financial year has been removed.</p>	NZ Airports agrees.

#	Topic and Submitters' Views—Quality Disclosures	Commission's Response	NZ Airports' Comments
25	<p>Schedule 16 human resources statistics</p> <p>In submissions, BARNZ proposed disaggregating HR disclosures by segmented activity. BARNZ noted that it has found tracking FTEs per passenger separately within airfield activities and specified passenger terminal activities over the past 10 years to be a useful litmus test of efficiency improvements. BARNZ also noted that these disclosures provided a transparent indicator of the degree of change in allocation methodologies.</p> <p>In cross submission NZAA noted that some FTEs are common to all three activities and observed that allocators are available from the Schedule 11a disclosures.</p> <p>In cross submission BARNZ considered that very little additional work would be involved for airports to prepare cost disclosures by segmented activity as the allocations will have been undertaken to prepare the Schedule 6 and 11 disclosures.</p>	<p>Under the AAA regulations, specified airport companies are required to disclose both FTE employee numbers and remuneration payable to employees by segmented activity.</p> <p>Disaggregation of FTEs can also provide interested persons with information concerning the effectiveness of capital investment (such as automation systems).</p> <p>The Commission considers that disclosure of FTEs by segmented activity would be of benefit to interested persons assessing efficiency improvements.</p> <p>The Commission considers that disclosure of total human resource costs assists interested persons to compare the costs of remuneration with those applicable to a competitive market. However, the Commission does not consider disclosure of human resource costs by segmented activity would significantly assist interested persons to assess whether the purpose of Part 4 is being met.</p> <p>Implementation</p> <p>Schedule 16 requires segmented disclosure of FTEs.</p>	<p>NZ Airports retains the view that disclosure should only be necessary at the total level for specified services.</p>
26	<p>Schedule 16 domestic transfer and transit passenger figures</p> <p>Parties proposed removing the requirement</p>	<p>Particularly since some airports set charges that are based on passenger volumes, the Commission considers that annual passenger volumes are of</p>	<p>NZ Airports agrees with the amendment in respect of domestic transit and transfer passengers but disagrees with the Commission's definition for</p>

#	Topic and Submitters' Views—Quality Disclosures	Commission's Response	NZ Airports' Comments
	<p>to disclose annual domestic transfer and transit passenger numbers as there is no source of data readily available which provides a reliable and meaningful statistic to report.</p>	<p>relevance to interested persons and provide comparative pricing information irrespective of whether an airport prices on a per passenger basis. The number of inbound and outbound passengers also provides contextual information concerning passenger terminal services. Although transit and transfer passengers only visit the airport once on a trip, they are counted twice, once as an inbound and once as an outbound passenger.</p> <p>The annual number of international transit and transfer passengers at international terminals with a security area for transit and transfer passengers is required to be disclosed. This allows interested persons to reduce the effect of double counting when combining international inbound and outbound passenger numbers.</p> <p>Although a similar effect occurs when adding domestic inbound and outbound passenger numbers, the Commission considers that the cost to airports of disclosing annual domestic transit and transfer passenger numbers exceeds the value of the information to interested persons.</p> <p>Implementation</p> <p>The Schedule 16 requirement to disclose the number of domestic transit and transfer passenger has been removed. The requirement to disclose the number of international transit and transfer passengers has been retained, but it is</p>	<p>international passengers. The industry standard for reporting international passengers is inbound + outbound + transit. Transit passengers would not be included in the inbound and outbound totals. Standard industry practice should be retained to facilitate time-series analysis of information sources.</p>

#	Topic and Submitters' Views—Quality Disclosures	Commission's Response	NZ Airports' Comments
		<p>acknowledged that this figure may, at least in part, be estimated.</p> <p>The definition 'total number of domestic passengers' has been revised to mean 'the sum of the number of inbound domestic passengers and the number of outbound domestic passengers during a specified period of time.'</p> <p>'Total number of international passengers' is defined as 'the sum of the number of inbound international passengers and the number of outbound international passengers, less the estimated number of international transit and transfer passengers during a specified period of time'.</p>	
27	<p>Schedule 16(a) aircraft statistics</p> <p>As noted in item 3 above, the revised draft Determination does not limit the definition of 'passengers' to revenue passengers on scheduled flights.</p> <p>Accordingly, 'air passenger service' has been defined as an 'air operation operated by an air operator for the carriage of passengers'. This effectively replaces the term 'scheduled operation'.</p>	<p>The Commission considers that this change will assist interested persons to relate the Schedule 16(a) aircraft statistics to net operating revenue from specified passenger terminal activities.</p> <p>Implementation</p> <p>The references in Schedule 16(a)(i) and 16(a)(ii) to 'scheduled landings of international flights' and 'scheduled landings of international flights' are replaced with 'landings of international air passenger service flights' and 'landings of domestic air passenger service flights'.</p>	<p>NZ Airports agrees on the basis that the definition of "air passenger service" only captures passenger using the specified terminal facilities (as noted in the definition of "passenger").</p>

Forecast Total Revenue and supporting information

#	Topic and Submitters' Views—Forecast Total Revenue	Commission's Response	NZ Airports' Comments
1	<p>Forecast Asset Base</p> <p>BARNZ proposed that the Forecast Asset Base (FAB) be added to the clause 9.1(c) list of forecast total revenue components that should be disclosed following a Price Setting Event.</p> <p>BARNZ considered the asset base is one of the most important material inputs when determining charges under the building blocks methodology currently used by the airports. BARNZ noted that interested persons need to be able to understand the composition and value of the asset base used by each airport to set charges as well as any difference between it and the RAB used for disclosure purposes.</p> <p>NZAA noted that the requirements in Tables 19(b)(i) and 19(b)(ii) of Schedule 19 to disclose 10 year roll-forward calculations for the Forecast Asset Base and Works under Construction, was inconsistent with the 5 year requirements specified in Table B (p. 88) of the Draft Reasons Paper.</p> <p>In its submission, NZAA proposed that the Schedule 19 requirement to disclose roll-</p>	<p>The Commission considers that the FAB should be included in the disclosure requirements. This was a drafting error - was included in Schedules but not within the draft Determination or the Draft Reasons Paper.</p> <p>Implementation</p> <p>The Commission has included the FAB in clause 9.1(c) of the final Determination as 'Forecast value of assets employed'.</p>	<p>NZ Airports accepts the disclosure but continues to submit that disclosure should only be required for a five year period.</p>

#	Topic and Submitters' Views—Forecast Total Revenue	Commission's Response	NZ Airports' Comments
	forward calculations for the Forecast Asset Base and Works under Construction be removed. In cross-submission, NZAA amended this view to agree with BARNZ that the Forecast Asset Base be added to the clause 9.1(c) list of Forecast Total Revenue components.		
2	<p>Disclosure of Valuation Report</p> <p>In regard to clause 9.1(c) BARNZ considered that “where the asset base used for pricing differs from the RAB, the Airport should be required to disclose any valuation report which exists”.⁶² NZAA agreed that valuation reports may be provided when valuations of regulated assets are undertaken (typically at least every 5 years).</p>	<p>The Commission considers that where forecast revenue is based on an asset value different to that used in the most recently disclosed RAB, a valuation report should be disclosed to support that different value. This will allow interested persons to assess its reasonableness. The Commission also considers that disclosure following a Price Setting Event (rather than at the time the valuation is undertaken) increases the utility of the information to interested persons by putting it in an appropriate context.</p> <p>Implementation</p> <p>The Commission has added a clause to require the disclosure of a valuation report where the value of assets employed used for the forecast is based on a value different to that of the most recently disclosed RAB value.</p>	<p>NZ Airports disagrees with this requirement.</p> <p>Disclosure of valuation reports used to support asset bases applied for pricing is subject to the consultation regime and should not be subject to information disclosure requirements.</p> <p>NZ Airports agrees that valuation reports for Regulatory reporting may be provided. Comment is also made in the body of this submission.</p>
3	<p>Proposed definition for Price Setting Event</p> <p>BARNZ noted that AIAL resets the terminal</p>	<p>The Commission considers that definition of a Price Setting Event should triggering an Event where this is not useful in promoting the provision of</p>	<p>NZ Airports agrees.</p>

#	Topic and Submitters' Views—Forecast Total Revenue	Commission's Response	NZ Airports' Comments
	<p>services charge and jet fuel pipeline charge annually. Airlines prefer it this way as airlines value the transparency the annual forecasting and wash-up processes provide, as well as the opportunities these processes provide for airlines to engage with the airport.</p> <p>BARNZ stated that AIAL may seek to move away from the annual resetting process if the Commission requires airports to disclose information as described in clause 9.</p> <p>The definition of a Price Setting Event was discussed at the September working session. NZAA, as part of its mark-ups on the draft Determination, submitted alternative wording for the definition of a Price Setting Event for the Commission's consideration. BARNZ submitted changes to this proposed wording following the working session, including inserting a provision into clause 9 specifying that disclosures under clause 9 must occur within five years of a previous prices setting event.</p>	<p>sufficient information to interested persons.</p> <p>The Commission considers that NZAA's proposed technical drafting better meets the policy objective than the definition in the draft Determination; the Commission also notes BARNZ's view that wash-ups will usually involve consultation, and should therefore be separately noted as an exclusion.</p> <p>Implementation</p> <p>The definition of a Price Setting Event has been amended to read as below:</p> <p>“means the fixing or altering of price by an airport in respect of a specified airport service, pursuant to sections 4A and 4B of the Airport Authorities Act 1966 excluding where the price is:</p> <ul style="list-style-type: none"> a) subject to adjustment as a result of a wash-up; b) reset or adjusted annually, without further consultation; or c) subject to separate negotiation for inclusion in the terms of a lease or licence; or d) not required to be consulted on by virtue of section 4B(3) of the Airport Authorities Act 1966. <p>A price setting event is deemed to occur on the date that a new price comes into effect”.</p> <p>The Commission has also amended clause 9.1 to require disclosure following a Price Setting Event</p>	

#	Topic and Submitters' Views—Forecast Total Revenue	Commission's Response	NZ Airports' Comments
		<p>within five consecutive years of the previous disclosure under the clause.</p> <p>In addition, 'wash-up' has become a defined term as follows:</p> <p>"a 'wash-up' means an annual adjustment to prices reflecting actual use and actual costs incurred for the current financial year".</p>	
4	<p>Key Capital Expenditure Projects: disclosure threshold</p> <p>BARNZ considered the threshold of \$30 million proposed in the Draft Reasons Paper was too high, as the vast majority of airport capital expenditure would be forecast and disclosed as a single lump sum under each of the three activity categories. BARNZ noted that this would limit the ability of interested persons to assess the innovation and investment being undertaken, and whether it will enable services to be provided at a level that reflects consumer demands. BARNZ proposed a lower threshold of \$5 million be applied or, alternatively, a requirement to disclose the 5 largest projects (as has been proposed for EDBs and GDBs).</p> <p>The BARNZ proposal was supported by Air NZ.68 NZAA, in cross-submission, considered \$5m too low and supported a threshold of</p>	<p>The Commission notes that a threshold must capture a significant proportion of capital expenditure, rather than a certain number of projects, to provide sufficient and meaningful information to interested persons. Accordingly, the Commission considers that a lower threshold than originally proposed is appropriate. Analysis of the data provided by BARNZ at the working session indicates that a threshold level of \$5 million is likely to capture a significant proportion of forecast capital expenditure that is relevant to pricing for the forecast period.</p> <p>A threshold may also require scaling to individual airports' circumstances and over time to remain meaningful. The Commission therefore intends to monitor performance against the threshold over time, and to revisit the threshold level if deemed necessary. This is consistent with the Commission's undertaking to work with disclosers to resolve any implementation issues that may arise.</p>	<p>Refer to comments in this submission concerning the inconsistency between Key Capital Expenditure Projects and Capital Expenditure Projects.</p> <p>NZ Airports notes the Commission has made a change to the Determination by adding a requirement to disclose how airports have considered consumer demand for each project. NZ Airports disagrees that reference to this disclosure requirement should not be made in the Schedules and accordingly a comments box has been added to Schedule 19.</p> <p>As a principle NZ Airports considered that the Schedules should advise all disclosures required with the Determination an additional reference source if further explanation of the disclosure is required.</p>

#	Topic and Submitters' Views—Forecast Total Revenue	Commission's Response	NZ Airports' Comments
	<p>\$30 million or the disclosure of the 5 largest projects.⁶⁹ At the working session both airports and airlines agreed that a \$5 million threshold was acceptable. BARNZ provided a breakdown of major capital expenditure in relation to aeronautical activities.</p> <p>In its Cross-submission NZAA also considered that space for a description of how consumer demands have been assessed should be included in the Schedules.</p>	<p>The Commission considers that specifically requiring airports to disclose how they have undertaken an assessment of consumer demands, in relation to the objectives of Key Capital Expenditure Projects is helpful. The Commission considers that it is more consistent with drafting practice and provides more flexibility for disclosers if this is included in the Determination, rather than as a box or item in the Schedules.</p> <p>Implementation</p> <p>The Commission has changed the Key Capital Expenditure project threshold within the draft Determination to \$5 million.</p> <p>The Commission has also inserted into the draft Determination a specific requirement (clause 9.1(f)(iii)) to include a description of how consumer demands in relation to Key Capital Expenditure Projects have been assessed.</p>	
5	<p>Key Capital Expenditure Projects: inclusion of regulated vs. Unregulated assets</p> <p>BARNZ asks if the Key Capital Expenditure Projects definition include both regulated and unregulated assets (eg, terminal expansion that provides both regulated (aeronautical space) and unregulated (retail space)). NZAA considers that disclosures should not include any component of unregulated activities as</p>	<p>The Commission considers it is consistent with the purpose of Part 4 to distinguish between regulated and unregulated assets within information disclosure. The Commission notes that unregulated assets are excluded from the definition of Key Capital Expenditure Projects, consistent with the definition of Capital Expenditure adopted in the Revised Draft Input Methodologies Determination.⁷³</p>	<p>NZ Airports accepts this change.</p>

#	Topic and Submitters' Views—Forecast Total Revenue	Commission's Response	NZ Airports' Comments
	<p>this is outside the scope of the Act.</p> <p>NZAA also submits that airports should explain the allocation basis for the estimated project expenditure.</p>	<p>Consistent with this, the Commission further considers it important to determine the proportion of shared assets and associated expenditure related to provision of specified airport services.</p> <p>Implementation</p> <p>A commentary box has been added to Schedule 19 for the explanation of allocation between regulated and unregulated assets, and an explanation of differences with the cost-allocation input methodology.</p>	
6	<p>Demand forecast (Schedule 20): international transit and transfer passengers</p> <p>BARNZ considered that it would be useful if international transit and transfer passengers were forecast.</p> <p>NZAA disagreed with BARNZ in cross-submission, viewing such a requirement as unnecessary as the information is specific to AIAL.</p> <p>In cross-submission, BARNZ amended its initial view to suggest a materiality threshold of 5% of international passenger volumes could be adopted.</p> <p>At the working session, attendees considered that a materiality threshold would be superfluous as only AIAL currently has</p>	<p>The Commission considers that transit and transfer passengers should be disclosed as the information would be useful to interested persons to track expenditure associated with changes in transit and transfer passenger numbers over time. The Commission considers that airports should have this information available. Following discussion at the working session, the Commission considers that a materiality threshold would not be useful, and if not relevant to the situation of the individual airport, that a nil disclosure would be acceptable.</p> <p>Implementation</p> <p>The Commission has amended Schedule 20 to include lines for disclosure of international transit and transfer passengers.</p>	<p>NZ Airports accepts this change.</p>

#	Topic and Submitters' Views—Forecast Total Revenue	Commission's Response	NZ Airports' Comments
	transit/transfer passenger numbers of any volume. Attendees considered that disclosure as relevant to the situation of the individual airport concerned would be sufficient.		
7	<p>Demand Forecast (Schedule 20): terminology relating to capacity</p> <p>Changes to terminology - BARNZ noted that 'landings' is the most commonly used term rather than 'inbound flights'. 'Landings' should be used in its place in lines 41, 45, 49, 53.</p>	<p>The Commission considers that commonly used industry terminology should be adopted.</p> <p>Implementation</p> <p>The Commission has inserted 'landings' and 'movements' in Schedule 20, in place of 'inbound flights'.</p>	NZ Airports agrees.
8	<p>Demand Forecast (Schedule 20): aircraft runway movements (busy hour)</p> <p>BARNZ considered that disclosure of inbound flights during the busy period would be of 'total aircraft movements during the runway movement busy hour'. NZAA agreed in Cross-submission.</p>	<p>Following consultation the Commission considers that a split into inbound and outbound flights may not be relevant to actual capacity calculations undertaken by airports, and therefore may not reflect actual capital expenditure decisions.</p> <p>Implementation</p> <p>The Commission has changed Schedule 20 by replacing the reference in line 38 'Inbound flights during busy period' with 'Movements during busy period'. The terms 'Runway movement busy hour' and 'Runway movement busy day' have been changed to 'Runway busy hour' and 'Runway busy day'.</p>	NZ Airports agrees.
9	<p>Demand Forecast (Schedule 20): domestic</p>	<p>The Commission considers that splitting forecast passenger aircraft landings into international and</p>	NZ Airports agrees.

#	Topic and Submitters' Views—Forecast Total Revenue	Commission's Response	NZ Airports' Comments
	<p>and international passenger aircraft</p> <p>BARNZ considers that forecast demand should separately show 'scheduled international passenger aircraft' and 'scheduled domestic passenger aircraft'.</p> <p>NZAA agreed in Cross-submission.</p>	<p>domestic would be helpful for forecasting revenues from each source.</p> <p>Implementation</p> <p>The Commission has inserted lines to separately disclose international and domestic Landings of Total number of aircraft, and Landings by MCTOW, in Schedule 20.</p>	
10	<p>Demand Forecast (Schedule 20): 'Scheduled Passenger Aircraft' replaced with 'Air Passenger Services'</p> <p>BARNZ noted that NZAA's proposed definition of regular air passenger services, which excludes chartered, non-schedules, and general aviation operations, does not capture all passengers using specified passenger terminal facilities.</p>	<p>The Commission considers that all passenger flights should be included in the disclosure.</p> <p>Implementation</p> <p>The Commission has changed the term 'Scheduled Passenger Aircraft' in lines 49-55 of Schedule 20 to 'Air Passenger Services'.</p>	NZ Airports agrees.
11	<p>Demand Forecast (Schedule 20): aircraft weight categories</p> <p>BARNZ considered that disclosure of inbound forecast flights should be broken down into three weight categories, rather than the two currently proposed. NZAA accepted this recommendation.</p>	<p>The Commission considers that this change would be beneficial as it would provide further information to interested persons on airports' forecast revenue related to aircraft size and category. The Commission also considers that an additional weight category may increase the relevance of the requirements over time. The Commission further expects that this information would be readily available.</p>	NZ Airports agrees.

#	Topic and Submitters' Views—Forecast Total Revenue	Commission's Response	NZ Airports' Comments
		<p>Implementation</p> <p>The Commission has inserted the additional aircraft size category into Schedule 20.</p>	
12	<p>Demand Forecast (Schedule 20): explanation of basis for forecasts</p> <p>BARNZ suggested (following the AirBiz report) adding a box for commentary explaining the basis for forecasts and any assumptions made.</p> <p>NZAA agreed in Cross-submission.</p>	<p>The Commission considers that this is beneficial, as it would provide further information for interested persons to understand the basis for forecasts, and the relationship of forecasts to prices and capital expenditure.</p> <p>Implementation</p> <p>The Commission has inserted a commentary box into Schedule 20 for explanations of the basis for forecasts and any assumptions made.</p>	NZ Airports agrees.
13	<p>Pricing period starting year</p> <p>The Commission identified that it was not clear as to when a pricing event occurs or when the starting year of a pricing period begins.</p>	<p>The Commission considers it appropriate that the starting year of a pricing period should start from the beginning of the disclosure year to which a price change is to occur.</p> <p>The Commission notes that the starting year of a pricing period may not be consecutive to the year to which a disclosure was most recently made under the Determination. Accordingly, to ensure the RAB roll-forward is available to interested persons, supporting forecast asset base information needs to relate to the 10 years following the most recent disclosure year.</p> <p>Implementation</p>	<p>NZ Airports accepts that continuous disclosure is necessary and that the annual sequence remains unbroken. As this is consistent with the Financial Year, NZ Airports does not see any cause for concern. However, if due to other events, at some point in the future, any change was required to the Financial Year, it would be necessary to revert to the Commission to discuss the alignment of the Financial and Disclosure years.</p> <p>NZ Airports reiterates that a 10 year forecast should not be required.</p>

#	Topic and Submitters' Views—Forecast Total Revenue	Commission's Response	NZ Airports' Comments
		<p>The Commission has</p> <ul style="list-style-type: none"> amended the definitions of Price Setting Event and Pricing Period; clarified when information is to be disclosed (clause 9); and amended Schedule 19 to set Year 1 of the 5-year forecasts at the Pricing Period starting year, and so that Year 1 of the forecast asset base information starts from the year following the latest disclosure under the Determination. 	

Pricing and related disclosure

#			NZ Airport's Comment
1	<p>Pricing statistics purpose, scope and terminology</p> <p>BARNZ and NZAA raised a number of points, including in discussion at working session, relating to the scope of pricing statistics and the terminology used therein.</p>	<p>The Commission has considered the submissions relating to pricing statistics and revised the requirements set out in Schedule 18.</p> <p>The pricing statistics should assist interested persons to compare proxies of average prices on a like-for-like basis between airports. This requires using measures of 'average price' that are comparable across airports even in the light of differences between pricing structures and potential changes to these over time.</p>	<p>NZ Airports agrees with the changes made to Schedule 18.</p>

#			NZ Airport's Comment
		<p>The revised Schedule 18 requires the disclosure of average revenue statistics as a proxy for average prices. The pricing statistics no longer refer to revenue from (potentially) airport specific charges.</p> <p>The numerators of the pricing statistics are revenue categories split into types of passenger (domestic and international) and different MCTOW categories relating to Airport Activities and Specified Passenger Terminal Activities.</p> <p>The denominators of the pricing statistics are relevant measures of MCTOW and total passenger numbers.</p> <p>To ensure transparency, Schedule 18 requires the relevant numerators and denominators to be disclosed separately.</p> <p>The Commission considers that the revenue from leases and rental is to be included in the revenue used for pricing statistics such that comparisons are not affected by differences in airports' business structures.</p> <p>A new weight break of 30 tonnes has been introduced recognising that aircraft over 30 tonnes are generally used on the main trunk routes whereas smaller aircraft are generally used on regional routes.</p> <p>Implementation</p> <p>In line with the revised requirements in Schedule 18 several new definitions have been added to the</p>	

#			NZ Airport's Comment
		<p>Determination:</p> <ul style="list-style-type: none"> average revenue from airfield activities relating to domestic flights of 3 to 30 tonnes MCTOW; average revenue from airfield activities relating to domestic flights 30 tonnes MCTOW and over; average revenue from airfield activities relating to international flights; average revenue from specified passenger terminal activities; and average revenue from airfield activities and specified passenger terminal activities <p>The definitions relating to previously used pricing statistics have been deleted from the Determination.</p>	
2	<p>Materiality of revenue covered by certain Pricing Statistics and relevance</p> <p>BARNZ and NZAA highlighted, including in discussion at Working Session of 13 September 2010, that certain pricing statistics cover revenues of low value or are not relevant therefore should not be required.</p>	<p>The Commission has considered the submissions relating to pricing statistics and removed several requirements from Schedule 18.</p> <p>Pricing statistics relating to parking charges have been removed as revenues from these are modest.</p> <p>Pricing statistics relating to domestic flights of less than 3 tonnes MCTOW per passenger have been removed as there do not tend to be passengers carried on these flights and airports may not collect relevant records for these.</p> <p>Pricing statistics relating to freight services have been removed since most freight is transported in</p>	<p>NZ Airports agrees with the changes made to Schedule 18.</p>

#			NZ Airport's Comment
		<p>the belly-hold and airports current pricing structures do not directly relate to freight transported.</p> <p>Implementation</p> <p>The following definitions have been removed from the Determination:</p> <p style="padding-left: 40px;">Average parking charge per aircraft per day;</p> <p style="padding-left: 40px;">Average freight landing charges per tonne MCTOW; and</p> <p style="padding-left: 40px;">Average freight income per tonne MCTOW.</p>	
3	<p>Standard Price</p> <p>BARNZ highlighted that the definition of Standard Price only relates to airline customers and should also refer to passengers.</p> <p>NZAA agreed with this view.</p>	<p>The Commission has considered the submission and agrees that the definition should also refer to passengers.</p> <p>Implementation</p> <p>The definition of Standard Price has been amended.</p>	NZ Airports agrees.

Certification and Audit

#	Topic and Submitters' Views—Certification and Audit	Commission's Response	NZ Airport's Comment
1	<p>Comparative disclosures – Schedule 2A</p> <p>NZAA was concerned that the Commission's</p>	<p>The previously drafted transitional provision inadvertently omitted the exclusion of</p>	NZ Airports agrees.

#	Topic and Submitters' Views—Certification and Audit	Commission's Response	NZ Airport's Comment
	<p>proposed approach to the initial disclosure was retrospective. Under Schedule 2a for the financial year ended 2011 the airports would also be required to report comparative disclosures for 2010 and 2009.</p>	<p>comparatives for 2010 and 2009.</p> <p>Implementation</p> <p>A transitional provision has been added, stipulating prior period columns in Schedule 2a are not required to be completed prior to the 2011 disclosure year.</p>	
2	<p>Certification — statutory declarations</p> <p>NZAA considered that the obligation placed on directors to declare that information provided to the Commission is a true copy of the publicly disclosed information may be unnecessarily onerous, in light of reviewing the range of declarations proposed under the Commission's draft Schedules 21-27.</p>	<p>The assurance provided by the statutory declaration declaring 'that having made all reasonable enquiry, to the best of my knowledge, the information attached to this declaration is a true copy of information made available to the public...', is significantly achieved via Schedules 21, 22, 23 and 24.</p> <p>Implementation</p> <p>The Commission has deleted clause 13.1 and Schedule 25 in the requirements.</p>	<p>NZ Airports agrees.</p>
3	<p>Transitional – Operating expenditure breakdown</p> <p>BARNZ suggested that , for the year ended 2011 disclosures, airports should be required to break down operating expenditure either using the categories provided in clause 6 of the Schedule to the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 or as provided under Schedule 3 of the Commerce Commission ID</p>	<p>Given NZAA believes the categories are workable, the Commission considers the transitional provision should be amended to require new categories currently proposed to be disclosed in the initial disclosures.</p> <p>Implementation</p> <p>The Commission has amended the transitional provision to remove the exemption relating to line items 21 – 24 in Schedule 3.</p>	<p>NZ Airports agrees.</p>

#	Topic and Submitters' Views—Certification and Audit	Commission's Response	NZ Airport's Comment
	<p>Determination.</p> <p>NZAA considered the operating expenditure categories proposed are largely workable.⁹⁴</p>		
4	<p>Audit of Report on Initial Regulatory Asset Base Value</p> <p>The Commission notes that no audit assurance was provided for in the draft Determination.</p> <p>References</p> <p>N/A</p>	<p>The Commission considers audit assurance is required for this disclosure.</p> <p>Implementation</p> <p>The Commission has added Schedule 26 (Report on Initial RAB value) to the disclosures required to be audited.</p>	<p>NZ Airports accepts this change by the Commission. We note that the Schedule numbering will change, with the removal of Schedule 25 and other possible changes.</p>