

Auckland Airport cross-submission on Commerce Commission “Changes to Airport Information Disclosure 2026 – Process and Issues Paper”

6 March 2026

1 Executive Summary

This cross-submission responds to airline submissions on the Commerce Commission's Changes to Airport Information Disclosure 2026 – Process and Issues Paper ("**airline submissions**"). Auckland Airport welcomes the opportunity to comment and supports a targeted review of Information Disclosure ("**ID**") where it enhances transparency and accountability in a manner consistent with the purpose of Part 4 of the Commerce Act ("**Part 4**").

As set out in Auckland Airport's primary submission, any changes arising from this review need to be within the legitimate scope of ID regulation and promote the purpose of Part 4.

Out of scope of ID

The airline submissions largely seek changes that go beyond the proper scope of information disclosure regulation. While framed as consumer protection or transparency measures, many of the airline proposals would introduce ex-ante scrutiny, procedural gating, independent verification, or dispute-triggered escalation of major capital investment decisions. This would materially alter the nature of ID, illegitimately transforming it from an accountability and assessment framework into a de-facto form of ex-ante control or price-quality regulation. ID is deliberately designed as a regime that, in tandem with consultation obligations, influences decision-making via ex-post transparency and review. It is not a mechanism for approving, conditioning, or arbitrating investment decisions in advance.

Incumbent airlines benefit commercially from capacity scarcity, delayed expansion, and congestion, while other consumers benefit from timely investment, increased capacity, resilience, and enhanced competition. Importantly, the safety and resilience of an airport relies on informed and planned capital investment, which is required for the whole aviation system. Part 4 was explicitly designed to focus on long-term consumer benefits of *all* consumers rather than the short-term commercial interests of incumbent airlines who can wield significant market power themselves.

Airline submissions conflate ID regulation with consultation obligations under the Civil Aviation Act 2023 ("**CAA**"). These separate frameworks serve complementary purposes: consultation under the CAA is designed to inform airport decision-making prior to investment and pricing decisions, while ID exists to enable robust ex-post assessment of outcomes against the Part 4 purpose. The knowledge that decisions will be disclosed and rigorously reviewed under ID regulation also influences the decisions before they are made. Using ID to seek to resolve disagreement, strengthen consultation leverage, or re-open contested investment decisions would represent a fundamental departure from its appropriate statutory role.

Auckland Airport considers that a significant proportion of airline proposals cannot be lawfully implemented under ID regulation, including:

- pre-approval or pre-commitment scrutiny of capital expenditure;
- mandatory independent verification of investment decisions;
- escalation or regulatory consequences triggered by sustained disagreement;
- dispute resolution mechanisms embedded within ID; and
- frequent or rolling ex-ante disclosure of forward-looking forecasts.

Within scope of ID

However, there are elements of airline submissions that promote incremental enhancements to ID that could better support assessment of outcomes against the Part 4 purpose. In particular, Auckland Airport supports consideration of proportionate refinements that:

- improve the clarity and comparability of ex-post disclosure of capital delivery against forecasts;
- enhance transparency around cost allocation principles already disclosed under the regime;
- better articulate how major investments relate to service levels and capacity outcomes; and
- provide clearer explanation of key demand and growth assumptions underpinning major capital programmes, framed as disclosure rather than testing or verification.

Such enhancements would be consistent with the purpose and scope of ID through enhancing transparency without controlling decision-making. They would also preserve incentives to invest, and allow interested persons to assess outcomes over time.

The purpose of this review is to achieve improvements to the information disclosure regulation of airports. The Commission itself has made this clear, with the Process and Issues Paper unequivocally stating that the scope of this review is “improving the regime”. Information disclosure is effective because it provides incentives for airports to make consumer-aligned decisions over the long-term, as airports know that the consequences of its decisions will be disclosed in the fullness of time.

Proposals that seek to bring forward disclosure for the purpose of controlling investment decisions, embed approval processes through disclosure reviews, or elevate airline opposition into a regulatory signal for dispute resolution would undermine the incentive-based framework of ID regulation deliberately established by Parliament. The cost of doing so would be significant – particularly in a market where the dominant airline has an 81% market share that is not subject to any regulatory scrutiny. Other forms of regulation are contemplated in the Commerce Act, where the steps to apply such regulation are clearly articulated – these sit outside the scope of this process.

It is essential that the Commission’s review and any changes that are introduced is consistent with the purpose of Part 4 and ID regulation, and is undertaken with the purpose of encouraging efficient and innovative investment which benefits consumers and the wider New Zealand economy over the long term, rather than the wants of airlines that are driven by their immediate commercial interests.

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3 Airline submissions seek to constrain capex not incentivise investment

Auckland Airport's submission on the process and issues paper made the following fundamental points that the Commission should consider in this review:

- that the changes being considered in this review must remain within both the legitimate scope of ID regulation and the purpose of Part 4 of the Commerce Act;
- that any changes made to ID must not result in a de-facto change in regulation; and
- that airlines have commercial incentives to delay investment and seek greater regulation of major capital investment at airports, and that this isn't in the interests of consumers or the New Zealand economy.

The airline submissions reinforce the critical importance of these fundamental points that the Commerce Commission should consider through this process.

While framed as consumer protection, the airline submissions advance airlines' own commercial interests rather than the purpose of Part 4. Part 4 is designed to promote outcomes consistent with competitive markets by promoting incentives to invest in long-lived infrastructure for the long-term benefit of consumers, even where such investment is contested in the short-term.¹

The airline proposals consistently seek additional regulatory measures that would constrain, delay, or condition airport investment through earlier scrutiny, procedural hurdles, and the elevation of airline opposition into a regulatory signal for dispute resolution.

By adding a secondary set of ex-ante measures, inefficiency and regulatory friction would be injected into the decision-making process via earlier scrutiny, additional procedural hurdles and independent verification. This would heighten regulatory holdup risk and reduce investment certainty for airports and capital markets. The result would be to bias outcomes toward incumbent short-term preferences, particularly in a highly concentrated airline market, rather than replicating competitive market dynamics. In substance, the submissions prioritise near term cost containment and strategic control over infrastructure capacity, not the incentive based, long-term investment framework that Part 4 deliberately establishes.

3.1. Airlines choose to ignore consultation obligations under the existing regime

Airline submissions ignore that the consultation regime under the CAA already governs investment decisions. ID under Part 4 serves a separate but complementary role of enhancing airport accountability for promoting the Part 4 purpose.

ID is an economic regulation tool designed to promote the long-term benefit of consumers by ensuring transparency and enabling ex-post assessment of airport performance and decision

¹ Several years ago, Auckland Airport was able to invest in making our airport capable of serving larger A380 aircraft, despite strong opposition from airlines including Air New Zealand claiming the investment was not needed.

Today, we know that A380 aircraft have comprised an important part of the international fleet that connects New Zealand to the world for both tourism and high-value freight, and the economic benefits that these aircraft bring.

making, including whether airports have appropriate incentives to invest, improve efficiency, deliver quality outcomes, and limit excessive profits.

By contrast, consultation on capital expenditure, pricing and spatial planning is deliberately addressed through the CAA, which establishes structured, airport led consultation obligations with substantial customers before decisions are taken.

By conflating these two frameworks airline proposals risk undermining the design of Part 4 by transforming ID from a transparency-based assessment regime into a de facto mechanism for pre-decision intervention or dispute resolution.

The current regulatory architecture intentionally tolerates disagreement and preserves airport decision making authority to avoid underinvestment, while relying on ID to ensure those decisions can be robustly assessed against consumer outcomes. Using ID to resolve disputes or to intervene in consultation processes would represent a fundamental departure from its statutory purpose and the carefully balanced roles of Part 4 and the CAA.

3.2. Airlines ignore the cost of delayed or under-investment

Airlines consistently describe airport capex as “imposed” on airlines, “locked in” ahead of scrutiny, and “difficult or impossible to unwind” once committed. This framing assumes the default risk is overinvestment, rather than underinvestment or mistimed investment. That assumption runs through the submissions but is not symmetric.

There is little discussion of the consumer cost of delayed capacity, congestion, suppressed competition (and resultant higher airfares) or resilience issues. New Zealand has many examples of underinvestment that has caused significant resilience issues, such as the recent failure of critical infrastructure maintained by Wellington Water.

3.3. Airlines seek additional opportunities to oppose or obstruct investment

Airlines consistently argue that disclosure must occur at various points including, before board approval, before capital commitment, before price setting events (“PSEs”), and before prices are set. Introducing an excessive number of requirements or processes for disclosure will introduce numerous opportunities for airlines to oppose, slow down and obstruct investment for their own commercial benefit. Such changes are designed to create friction, not clarity or efficiency.

Some airline submissions go so far as to include various elements of pricing into additional disclosure for major capex investment. What has been proposed by airlines, if implemented, would result in a constant, convoluted rolling set of disclosure requirements covering both capex and pricing, that would only add cost, cause delays, and risk delays to investment.

The cumulative effect of this is not just earlier information, but longer lead times, more regulatory checkpoints, greater exposure to challenge, increased delay risk and increased long-run costs. From a commercial airline perspective, that is rational as delaying capex can preserve scarcity, slow capacity expansion, and reduce near-term cost increases. However, such outcomes are not consistent with the purpose of Part 4 regulation, and airlines have not demonstrated in any way how such changes would better promote the purpose of Part 4.

Requests for additional disclosure include but are not limited to required disclosure at the master planning process, at the early project inception process, at major stage gates through a project’s development, incorporating pricing elements into new major capex disclosures, regular ex-ante

forecasting of delivery on an annual basis. All provide intervention points for airlines to obstruct investment without any evidence that such changes would enhance the ID regulation of airports.

3.4. Airlines are not representative of consumers

Current airline customers are not representative of the interests of all consumers, particularly where an incumbent airline holds a dominant market position of over 80%. In such circumstances, airline incentives diverge sharply from consumer interests: dominant airlines can benefit from capacity scarcity, delayed expansion, and higher congestion through yield protection and reduced competitive pressure, whereas new entrant airlines and end-consumers benefit from timely investment and increased capacity.

Treating incumbent airlines as a proxy for the long-term interests of *all* consumers risks importing incumbent commercial incentives into regulatory decision making, rather than replicating outcomes consistent with competitive markets. Part 4 was deliberately designed to avoid this distortion by focusing on long-term consumer benefit, not the preferences of airlines who can wield significant market power whose market position may be reinforced, by constrained infrastructure investment.

The Commission has previously recognised that commercial incentives for airlines are not aligned to consumer outcomes, and there is no reason for it to change this view as part of this process.

3.5. The intent of Part 4 is to incentivise investment not obstruct it

This focus from airlines to constrain investment runs directly counter to the policy intent of the 2008 Commerce Amendment Bill, which fundamentally redesigned Part 4 in response to concerns that earlier regulatory settings were discouraging investment in long lived infrastructure. The 2008 reforms deliberately put investment incentives at the forefront of the statutory purpose, recognising the risks of regulatory holdup and underinvestment where capital is large, irreversible and subject to retrospective scrutiny.

Parliament explicitly chose an incentive-based framework, supported by upfront methodologies and information disclosure, to provide certainty that efficient investment would not be unreasonably constrained. Against that backdrop, proposals that introduce pre-commitment scrutiny, procedural gating, or heightened consequences for proceeding in the face of opposition cut across the central objective of the 2008 reforms.

The outcomes of that framework have resulted in clear benefits that are not theoretical. Ipsos data from 2024² found that New Zealanders view airports as the best performing infrastructure sector and the new National Infrastructure Plan highlights that the sector is well performing.

² Ipsos, (2024, October), *Global Infrastructure Index 2024*,
<https://www.ipsos.com/sites/default/files/ct/news/documents/2024-10/Ipsos%20Global%20Infrastructure%20Index%202024%20-%20NZ%20Version.pdf>

4 Airline proposals outside the scope of information disclosure regulation

A number of airline submissions, particularly those calling for preapproval of capital expenditure, mandatory independent verification, and escalation of unresolved disagreement, sit clearly outside the scope of Information Disclosure.

4.1. Pre-approval of capex is outside scope of information disclosure

Airlines in their submissions proposed changes which effectively amount to pre-approval of capital expenditure, either by the regulator, an independent verifier or the airlines themselves. Preapproval of capital expenditure in any form is clearly outside the scope of ID regulation. ID exists to ensure sufficient transparency to enable assessment of whether outcomes are consistent with the purpose of Part 4; it is not designed to approve, condition, or gate investment decisions before they are made.

Introducing any form of precommitment approval would fundamentally transform ID from a transparency-based accountability mechanism into an ex-ante control regime, cutting across the deliberate separation between the different forms of regulation under Part 4. Where Parliament has intended regulators to approve or constrain investment upfront, it has provided explicit regulatory tools—such as price quality or negotiate arbitrate regulation—following a Part 4 inquiry.

As noted by the Commission in their process and Issues paper, this inquiry process has already been considered and ruled out. Attempting to achieve pre-approval through ID, by requiring earlier disclosure for subsequent regulator review, would therefore exceed the scope of ID and undermine the regulatory architecture carefully established to encourage efficient investment.

4.1.1. Proposed changes to timing of disclosure risk ID becoming a pre-approval mechanism

Air New Zealand submitted:

Earlier and more timely disclosure of pending major capital investment programmes, including the likely cost and impact of those programmes³

The Commission has rightly identified that its PSE reviews occur after prices have been set. This means that decisions on capex and pricing to support that capex have already been made and locked in by the time the Commission's review takes place.⁴

Qantas submitted:

A standalone capex disclosure - triggered by threshold criteria such as a percentage increase to the RAB - would allow the Commission and substantial customers to assess and engage on major investment proposals at the point where meaningful influence is still possible.⁵

³ Air NZ (2026, February 18), *Changes to Airport Information Disclosure 2026 – Process and Issues*, p. 2

⁴ Air NZ (2026, February 18), *Changes to Airport Information Disclosure 2026 – Process and Issues*, p. 3

⁵ Qantas (2026, February 19), *Qantas Group submission to the Commerce Commission of New Zealand Changes to Airport Information Disclosure Process and Issues Paper 2026*, p. 6

Calls for earlier disclosure overlook the requirements of the current ID regime. Airports are required to disclose a 10-year capital investment plan following a PSE, which occur at least every five years. For example, the current terminal development was first disclosed in a capital plan in August 2017, as part of the disclosures of Auckland Airport's PSE3 pricing decision. Note the references to the terminal in the Master Plan began much earlier and the 2017 disclosures followed several years of consultation with airlines. Updated disclosures reflecting the more up to date information, were then released in the PSE4 pricing decision disclosure.

Further disclosures required prior to investment for the purpose of regulator review, would likely risk ID regulation becoming a de-facto approval process. This is not consistent with the purpose of ID regulation, and such outcomes sit outside the scope of this review. ID is effective because disclosure of all relevant information is made over the fullness of time, and this provides airports the incentive to make decisions aligned to the Part 4 purpose, early disclosure for the purpose of review and scrutiny is not consistent with the scope of ID regulation and nor is it necessary to achieve the purpose of ID regulation in New Zealand.

4.2. Independent verification is outside of scope of ID

Air New Zealand submitted that it supported the following change to ID:

Independent scrutiny of major capital expenditure proposals prior to pricing consultation, recognising that this is particularly important in the absence of formal dispute resolution mechanisms⁶

Qantas submitted:

An independent verification report should provide objective assurance that the planning assumptions, cost estimates, efficiency tests, service level targets, and consultation processes underpinning a major capital investment are reasonable, evidence-based and transparently presented. This would reduce information asymmetry between airports, users and regulators - increasing confidence in the robustness of investment inputs.⁷

Independent scrutiny and verification are outside the scope of ID regulation because they move ID from transparency into intervention. ID is designed to ensure sufficient information is available to assess outcomes against the purpose of Part 4; it is not intended to test, validate, or substitute judgement on investment decisions before or during delivery.

Mandatory independent verification is a feature of price quality regulation in New Zealand, where the regulator sets price paths and must determine which costs are allowable. Airports are not subject to that form of regulation in New Zealand, and Parliament has provided explicit processes and a high bar for moving to more prescriptive regimes where warranted. These processes cannot be bypassed.

Introducing independent verification through ID would therefore exceed the scope of this review, duplicate existing scrutiny, increase costs ultimately borne by consumers, and undermine the incentive-based framework Part 4 was deliberately designed to protect.

⁶ Air NZ (2026, February 18), *Changes to Airport Information Disclosure 2026 – Process and Issues*, p. 2

⁷ Qantas (2026, February 19), *Qantas Group submission to the Commerce Commission of New Zealand Changes to Airport Information Disclosure Process and Issues Paper 2026*, p. 8

4.3. Changes to address disagreement are outside scope of ID

Disagreement between airports and airlines is not evidence of regulatory failure; it is an expected outcome that is deliberately accommodated by the obligation to consult. The consultation regime, as supported by ID regulation, was designed on the premise that airports and airlines have different incentives, time horizons and risk exposures, particularly for large, long-lived investments. Also, that the customers of infrastructure providers are likely to have conflicting views on what is required.

The CAA and ID regulation therefore do not seek to eliminate disagreement or require consensus, but requires airports to consider airline feedback with an open mind, to ensure that decisions taken in the face of disagreement are transparent, well-reasoned, and capable of robust ex-post scrutiny against long-term consumer outcomes. Treating disagreement as a regulatory defect would invert this logic, elevating customer opposition into a quasi-regulatory veto and reintroducing the very risks of underinvestment and regulatory holdup that the framework was designed to avoid. As noted in Auckland Airport's primary submission, there have been real examples of how the interests of consumers do not always align with the interests of incumbent airlines, including the development of infrastructure at Auckland Airport to support A380 aircraft.⁸

Dispute resolution mechanisms cannot be introduced under ID regulation, as recognised by the Commission in the Process and Issues Paper, and calls for such mechanisms in this review should continue to be rejected.

4.3.1. Earlier disclosure of capital plans, or disclosure of investment options will not reduce disagreements

Air New Zealand submitted:

Improving both the timing and granularity of disclosure during the capital planning phase would materially strengthen consultation, enable earlier identification of emerging issues, and better ensure that pricing outcomes reflect investment decisions that are efficient and consistent with the Part 4 purpose.⁹

Auckland Airport provides detailed capital planning documentation to airlines throughout the consultation process to support decision making. For PSE4, capital plan information was provided in July, prior to the pricing decision the following June, almost a year. This followed over a decade of consultation in relation to the Domestic Jet Terminal development. Earlier or more detailed disclosure in these circumstances would not have resulted in a different outcome.

Options Development and Selection Air New Zealand strongly supports a requirement for structured option testing when developing preferred airport designs, consistent with the New Zealand Treasury's Better Business Case approach.¹⁰

Airlines claim that disclosure of options will reduce disagreement is unrealistic and not supported by recent experience. Airports already share detailed information with airlines as part of

⁸ Auckland Airport (2026, February 19), Auckland Airport submission on Commerce Commission "Changes to Airport Information Disclosure 2026 – Process and Issues Paper", p. 3

⁹ Air NZ (2026, February 18), *Changes to Airport Information Disclosure 2026 – Process and Issues*, p. 5

¹⁰ Air NZ (2026, February 18), *Changes to Airport Information Disclosure 2026 – Process and Issues*, p. 7

consultation, including investment options and alternatives. Further, airports are already required under the current ID determination to disclose any alternative expenditure projects considered, and the rationale for excluding those projects.¹¹

Recent experience is illustrative. Auckland Airport consulted for more than 12 years with a significant level of detail and information on the Domestic Jet Terminal development, including 21 different concept designs as different options were assessed and consulted on. Yet, when it came time to actually build, Air New Zealand and BARNZ, both of which had expressed public support for the development, then changed their minds and opposed the investment.

In this context, given the extent of information shared and the options considered, it is unrealistic to expect that further disclosure can and will avoid disagreement.

4.3.2. Non-disclosure agreements do not impede consultation processes

Air New Zealand submitted:

***Limited transparency:** Consultation on major capex is often conducted under non disclosure arrangements that can limit the ability of substantial customers to compare views, test assumptions collectively, or engage transparently with other affected parties. Smaller customers and other interested parties often receive very limited information on major capex. This can materially undermine the effectiveness of consultation and reduce confidence that investment choices reflect efficient, least-cost outcomes.*¹²

Non-disclosure agreements (“**NDA**s”) in place at Auckland Airport are necessary due to Auckland Airport’s legal obligations as a listed entity on the NZX. They are *mutual* agreements, designed to promote the sharing of information between parties. Auckland Airport is of the view that the current NDAs do not prevent airlines from engaging with each other where they are in receipt of the same information, nor do they prevent airlines from engaging with the regulator when the regulator is carrying out its functions under the Act.

During the PSE4 consultation, no airline ever raised an issue with Auckland Airport that they saw the NDA as a barrier to engage with fellow substantial customer airlines during the consultation. Framing NDAs as a barrier to engagement mischaracterises their necessity, operation and intent, and does not provide a credible basis for changes to the ID regime.

Auckland Airport also facilitates discussion on capital expenditure both collectively as a group of border agencies, Airways and airlines as well as directly with those parties most impacted. To the extent airlines wish to coordinate or share information among themselves beyond that, they must then manage any competition law risks arising from that collaboration.

That said, Auckland Airport acknowledges that certain aspects the NDAs can be improved for the benefit of all parties, and has been working with airlines on making improvements for some time. We are now nearing the end of this engagement with airlines to update the terms of the NDAs ahead of PSE5.

¹¹ Commerce Commission (2019, June 18), *Airport Services Information Disclosure Determination 2010*, 2.5 (1) (m) (iii), p. 71

¹² Air NZ (2026, February 18), *Changes to Airport Information Disclosure 2026 – Process and Issues*, p. 3-4

4.3.3. Airlines do have options available to them to challenge investment decisions following consultation

BARNZ submitted:

In this scenario, substantial customers were left with judicial review actions as the only option to give pause to what were substantial cost commitments impacting airlines and their customers. BARNZ, as an incorporated society representing the majority of international airlines flying to New Zealand, cannot enter into the risk inherent in such actions.¹³

This assertion that judicial review is not a realistic or credible constraint on regulatory behaviour is contradicted by recent history.

In 2024 airline interests, including Air New Zealand, Qantas and BARNZ, applied for judicial review of the Commerce Commission's Airport Services Input Methodologies Amendment Determination, seeking to overturn core elements of the Commission's approach. The High Court decision has now been appealed. Such actions are available to airlines and have been exercised, even when it is difficult to identify how the judicial review would mitigate any cost exposure for the airlines given the Commission had already committed to provide the relief sought.

Against that backdrop, it is difficult to reconcile BARNZ's dismissal of judicial review as a viable option when significant costs are at stake, with its own recent actions. Rather, the more plausible explanation is that airlines, including BARNZ, chose not to file a judicial review in response to Auckland Airport's consultation for PSE4 and its investment decision to proceed with the Domestic Jet Terminal, not because of relief through a judicial review process being inaccessible, but rather due to Auckland Airport meeting its legal obligations by undertaking a thorough consultation process in line with its obligations under the CAA.

¹³ BARNZ (2026, February 2019), *Submission on Changes to Airport Information Disclosure 2026: Process and Issues Paper*, p. 5

5 Airline proposals that fall within the scope of Information Disclosure regulation

For the proposed changes to disclosure requirements for airports submitted by airlines, these can largely be categorised into the following categories:

- disclosure requirements that are **not related to major capex**, and instead are disclosures relevant to aeronautical pricing or smaller capital investment projects. These suggested changes, whilst compatible under ID regulation, are not related to major capex and therefore the stated purpose of this review;
- **more frequent disclosure** of information that is already disclosed – many of the airline calls for changes are for information to be disclosed earlier or on a more regular basis, including more frequent disclosures of ex-ante forecasts. Increased frequency of ex-ante disclosure would not enhance ID regulation, which ensures information is disclosed over the fullness of time, meaning current ex-ante disclosures are sufficient. ID is not designed nor is it required to be 'updated live' particularly where information is forward-looking;
- information that is **already disclosed** under the current regulations, either through annual ex-post disclosure or in the ex-ante pricing disclosures.
- **disclosure of additional or more detailed information** – this is the category where airline calls for change are the most legitimate, additional information that better promotes the purpose of Part 4 and ID regulation and is very much what should be the focus of this review.

When categorised in this way, it reveals that much of the proposals for change that have been made by airlines are in fact not appropriate. Either they are not related to the focus of this review (major capex), introduce additional ex-ante disclosure requirements without any additional benefit to achieving the Part 4 purpose, or request information that is already disclosed.

5.1. Airline proposals not related to major capex sit outside the purpose of this review

Air New Zealand submits its support for the following changes to ID:

Enhanced disclosure at price setting including forecast impact of major capex on prices, sufficient information to enable interested persons to undertake their own analysis, and disclosure regarding the impact and merits of price smoothing mechanisms (e.g. indexation, tilted annuity depreciation);¹⁴

Auckland Airport is supportive in principle of enhancement to the disclosure requirements for price setting, so long as the changes are proportionate, and consistent with the purpose of Part 4 and within the scope of ID regulation.

However, the focus of this review is the disclosure in relation to major capex decisions, not aeronautical pricing, so much of what Air New Zealand is asking for sits outside the stated purpose of this review.

If the scope of this review is expanded to consider changes to elements of pricing disclosures (not major capex), Auckland Airport would support consideration of enhancements to these

¹⁴ Air NZ (2026, February 18), *Changes to Airport Information Disclosure 2026 – Process and Issues*, p. 2

pricing-related disclosure requirements to improve clarity of information, and usefulness to interested persons of the current ex-ante pricing disclosures and ex-post annual disclosures only.

This support is provided on the basis that any changes are proportionate in terms of cost relative to benefit, avoid overlap with consultation obligations under the CAA, and are aligned to the purpose and scope of Part 4 and ID regulation.

5.1.1. Forecasts of future price paths (or inputs into future prices)

Air New Zealand submit:

Aeronautical Price Impact and Affordability

Consultation should enable meaningful assessment of whether projected aeronautical charges remain economically sustainable for airport users over time.

Disclosure should allow stakeholders to understand the likely impact of major capex on prices during the current PSE and, if the major capex spans PSEs, on prices in the next PSE. This will enable airlines to test the likely demand and network impacts of those increases.¹⁵

...

Disclosure should also be sufficient to allow substantial customers to undertake their own financial modelling and forecasting regarding future airport costs.¹⁶

Auckland Airport notes that the current pricing disclosures set out charges over the current PSE, so this is already achieved through the current disclosure requirements.

Requiring disclosure in relation to prices for future PSEs could have a number of impacts that need to be carefully considered. First, it must be clearly substantiated how disclosure of future prices – prices that are yet to be set – achieves the Part 4 purpose. Any such disclosures would need to be heavily caveated as indicative and subject to consultation in due course. Information disclosure should not put airports at risk of allegations that they have predetermined future pricing decisions.

While Air New Zealand submits that there will be a number of benefits to them as a business, such as that it will allow it to better plan its future operations and assess affordability, nothing in its submission explains why this would better achieve the purpose of Part 4.

Auckland Airport is concerned that including such information could in fact undermine the purpose of Part 4. Pricing in future PSEs will be subject to a number of different inputs including but not limited to operational expenditure, traffic volumes, cost of capital, and of course the value of capex that is commissioned into the RAB. These parameters will remain uncertain and are likely to change over time.

Requiring disclosure of future prices would risk setting expectations that prices for the future pricing period are being 'locked in' at a time when many of the variables that go into determining those prices would be uncertain. Setting such expectations on uncertain information would risk incentivising inefficient outcomes.

¹⁵ Air NZ (2026, February 18), *Changes to Airport Information Disclosure 2026 – Process and Issues*, p. 8

¹⁶ Air NZ (2026, February 18), *Changes to Airport Information Disclosure 2026 – Process and Issues*, p. 8

For example, an airport may be pressured to reduce investment below what is efficient and required, in the event that construction costs increase, or the cost of capital increases, relative to the set of assumptions used to forecast future prices. This would risk pressuring airports into underinvestment in order to meet the previously forecast price path based on obsolete and uncertain inputs – such an outcome would not be consistent with the Part 4 purpose to incentivise investment.

We have already seen similar behaviours as Air New Zealand has used speculation about possible future price paths yet to be consulted on, let alone set, to engage in public calls for regulatory change rather than good faith engagement on pricing. That behaviour makes Auckland Airport concerned about how airlines would act in the future with such information.

5.1.2. Alternative price smoothing mechanisms

Air New Zealand submitted:

Disclosure should also cover the impact and merits of mechanisms to smooth price increases, including tilted annuity depreciation and RAB indexation.¹⁷

Once again, this is a pricing mechanism, not an issue related to efficient investment of major capex. Nonetheless, requiring disclosure in relation to different price smoothing mechanisms would be problematic.

While contemplated by the regime, these are not required to be used under the current regulations and for good reason. Price smoothing approaches can create additional risk for regulated suppliers, as revenue can be deferred into future periods, and such risks could act as a disincentive for investment. Further, over the long-term these mechanisms will result in higher nominal prices on average as revenue is deferred on a NPV neutral basis. Bringing the purpose of disclosure back to Part 4 - which requires that airports are limited in their ability to earn excess profits - disclosure of potentially available alternative pricing mechanisms is not necessary in order to achieve this outcome.

However, if disclosure of potential alternative price smoothing mechanisms is included as is suggested by Air New Zealand then all potentially available price smoothing mechanisms should be incorporated, including the 'pre-funding' of capex. Where capex is deployed for long-lead projects, collecting revenue during the construction phase but prior to those assets being commissioned allows for a reduced step-up in prices when assets enter the RAB. Such an approach is common practice in airport pricing globally (including Australia). By collecting revenue during the development phase (or even prior which can also be justified), the size of one-off step changes in allowable revenue are softened, which allows for more gradual prices over time.

Bringing forward revenue (rather than deferring as suggested by Air New Zealand) through pre-funding during project development, will result in lower nominal prices on average over the long-term, relative to the current regulations.

5.1.3. Improved disclosure of cost allocation principles

Air New Zealand submit:

Cost Allocation Decisions

¹⁷ Air NZ (2026, February 18), *Changes to Airport Information Disclosure 2026 – Process and Issues*, p. 8

Consultation would also be strengthened by clearer disclosure of cost and asset allocation decisions for shared assets, including allocation between aeronautical and commercial activities. These judgments materially affect incentives and charges and are critical to understanding how costs are ultimately borne by airlines and consumers.¹⁸

The current disclosure requirements already require airports to disclose information related to cost allocation, in both the annual ex-post disclosure schedules, and ex-ante disclosures following a pricing decision. Air New Zealand suggest changes to the existing disclosure requirements, such changes should be considered in terms of the cost and benefit of any changes.

However, as cost allocation is a matter for pricing in determining the revenue requirement, it is not a matter for major capex investment decisions but rather is a matter for pricing disclosures, and any disclosures related to cost allocation should be limited to the pricing disclosures only, rather than specific disclosures that may apply to major capex only.

5.2. Proposals for more frequent disclosure of ex-ante forecasts should not be adopted

Calls for additional disclosure requirements including cost to complete for major capex programmes, forecasts of wash-up metrics, and asset management plans, all amount to additional or more frequent ex-ante disclosure of forward-looking forecasts.

The purpose of ID requires that **sufficient information** is readily available to assess whether the purpose of Part 4 is being met, which in relation to major capex means assessing if airports have **incentives** to invest. ID is effective because regulated suppliers know, over the fullness of time, that information will be disclosed to demonstrate whether they have been investing efficiently and meeting the Part 4 purpose.

More frequent ex-ante disclosure - as proposed by airlines - would not further enhance these outcomes, and only add costs of compliance with the additional requirements and create unnecessary risk in the delivery of capex. This would be on top of Auckland Airport's existing continuous disclosure requirements which as a listed entity require the disclosure of material information to the NZX and ASX.

5.2.1. Evolving cost-to-complete of major capex programmes would be ex-ante disclosure

Air New Zealand propose the following changes to ID regulation (Auckland Airport emphasis):

*Improved ex-post disclosure from airports and scrutiny from the Commission to enable interested persons to **understand the evolving cost-to-complete of major capex programmes**, whether the airport's price setting forecasts were reasonable, whether an airport has used major capex to target excess returns and whether a wash-up should be undertaken.¹⁹*

Delivery Risk Methodology and Management

Information Disclosure currently provides limited transparency on delivery risk and risk allocation in respect of airport capital programmes. There is no systematic requirement to disclose how cost overruns or delays will be

¹⁸ Air NZ (2026, February 18), *Changes to Airport Information Disclosure 2026 – Process and Issues*, p. 8

¹⁹ Air NZ (2026, February 18), *Changes to Airport Information Disclosure 2026 – Process and Issues*, p. 2

managed or how consequences of those risks are allocated between airports and their customers. There is no requirement to provide updates during the course of the project to signal significant design changes and/or changes to forecast cost to complete. There is no requirement to (re)consider prices or the adequacy of price setting forecasts in the event of material under-spend.²⁰

The cost to complete of major capex programmes is a forecast, not a historical number than can be reported retrospectively. Forecast cost to complete is already disclosed ex-ante as part of the pricing disclosures. Such forecasts require significant amounts of work to develop to ensure that they are suitable and robust for public disclosure. The certainty of forecasts for major capital projects improves as the major project is developed, it is not standard practice to have all contracts signed and all supplies ordered when a project begins to be developed or work commences. This means that re-forecasting is a complex exercise, as cost estimates mature throughout the life of the project.

This proposal from Air New Zealand would require disclosure of forward-looking forecasts presumably on an annual basis. This would be a significant shift from the current backward-looking only ex-post annual disclosure requirements. Such a change would come with significant costs.

Requirement of such disclosures would not better achieve the Part 4 purpose, as actual performance is already disclosed over time on an annual basis, combined with ex-ante forecasts when prices are set (at least every five years), providing sufficient information to allow for an assessment of whether there are incentives to invest. More regular, ex-ante forecasts would not better promote the Part 4 purpose, and only introduce unnecessary costs. As airports know that they will need to disclose their performance, ex-post, this is sufficient to provide the incentives to invest efficiently.

The regime provides incentives for efficient investment, rewarding airports that deliver capex more efficiently for a lower cost, and penalising airports that deliver capex that exceeds the forecasts that were set for aeronautical prices. This encourages efficiency, however flexibility is also required, and different circumstances at different airports can warrant different approaches.

For example, Auckland Airport introduced a one-way capex wash-up in the event of material underspend given the material increase in its investment programme. This demonstrates that ID regulation is effective in incentivising airports to take steps to ensure that the Part 4 purpose continues to be met, relative to their individual circumstances.

5.2.2. Annual disclosure of wash-up metric forecasts

Air New Zealand submitted:

Timing misalignment also undermines the effectiveness of correction mechanisms where investment forecasts do not eventuate as planned. Where there is material underspend relative to forecast capex, prices can remain elevated for extended periods despite assets not yet being delivered, with any 'wash-up' occurring, if at all, only later and imperfectly. There is limited regulatory visibility of (and consequence for) material underspend in-period. This weakens incentives for accurate forecasting, delays the return of over-

²⁰ Air NZ (2026, February 18), *Changes to Airport Information Disclosure 2026 – Process and Issues*, p. 8

recovered revenues to consumers, and results in consumers paying higher charges for infrastructure that does not yet exist.²¹

We believe a requirement to disclose cost to complete information for the entire PSE in Schedule 6 will bring the issues with potential underspend into sharper relief. Where an airport has a capex wash-up in place, we suggest adding a requirement to estimate, based on the cost to complete forecasts, whether that wash-up will be triggered and how much it is likely to be.²²

The issues raised here are the same as those above, in that:

- The proposal would fundamentally change annual disclosure requirements from an ex-post backward looking disclosure, to an ex-ante forecasting exercise. This would be a significant shift from the current disclosure requirements and come with significant cost.
- The use of wash-ups is also a pricing matter rather than related to an investment decision for major capex, and therefore is not within the scope the Commission has outlined in this review.

In addition to these fundamental matters, the following information in relation to wash-ups is also relevant.

Auckland Airport introduced of its own initiative a one-way capex wash-up that can only benefit airlines

The specific capex wash-up mechanism introduced by Auckland Airport during PSE4 is a one-way (only to the benefit of airlines) wash-up that was introduced upon Auckland Airport's initiative during the PSE4 consultation. Auckland Airport took these steps in the knowledge of the significant increase in forecast capital expenditure in order to deliver the new Domestic Jet Terminal, and the deliverability challenges and complexity of this programme meant that there was the potential for Auckland Airport to materially exceed our Target Return for PSE4 by under-delivering versus the commissioned capex forecast. Auckland Airport wanted to avoid a situation where under-delivery would result in excessive profitability.

The terms of the wash-up metrics were consulted on with airlines, and subsequently reviewed by the Commission in its PSE4 review, where it found the mechanism provides the right incentives.

PSE4 capex wash-up a demonstration of ID regulation being effective

Auckland Airport knew that there was a risk of excessive profits being earned if capex was materially under-delivered relative to forecast, and that this would be revealed through its disclosures. Knowing this would be revealed through disclosure provided the incentive for Auckland Airport to introduce a mechanism, to the benefit of its customers only, to prevent it earning excessive profits due to the under-delivery of capex. This is a clear example of ID regulation providing the right incentives for airports to do the right thing, even though disclosure and review occurs on an ex post basis.

Annual forecasts of wash-up metrics would be a distraction and add cost for no benefit

Requests for annual disclosure of forecasts of wash-up metrics would not only be counter to the ex-post nature of the current annual disclosures, but would not create any benefit and come with significant costs to develop. The nature of a wash-up is that any relief is not immediate, but dealt

²¹ Air NZ (2026, February 18), *Changes to Airport Information Disclosure 2026 – Process and Issues*, p. 3

²² Air NZ (2026, February 18), *Changes to Airport Information Disclosure 2026 – Process and Issues*, p. 9

with in a NPV neutral manner in the subsequent pricing period. There is no urgency for having earlier information on how these forecast wash-up metrics are tracking during a pricing period.

Auckland Airport considers it likely that airlines have other motivations for seeking this information be provided in real time, in order to support their extensive lobbying efforts for changes in regulation to airports. There is no practical reason why this information is needed prior to the consultation process for the next pricing period.

Determination of whether wash-up has been triggered is a matter for pricing consultation and subsequent Commerce Commission review

The most appropriate time to determine whether a wash-up is triggered or not is when prices for the next pricing period are being determined. This is because this is the time when the most up to date and accurate information on actual performance will be available to inform the assessment of the wash-up for the current period, and any relief provided by a wash-up will be incorporated into the subsequent pricing period. This timing allows the assessment to be done once and fully informed, and avoids an ongoing speculation as to the triggers that would arise from providing regular ex-ante forecasts.

Wash-ups are not required under the regulations, additional disclosure requirements specific to wash-ups could discourage their use

Auckland Airport would be concerned if ID was used to discourage the introduction of such voluntary mechanisms by introducing overly onerous reporting requirements. Use of such mechanisms should be encouraged where appropriate, not discouraged.

Auckland Airport will consult with airlines on its capex wash-up mechanism during PSE5 consultation

Auckland Airport is aware that there has been increased interest from substantial customers on its capex spend and wash-up mechanism follow its most recent annual disclosure. A major driver in the variance for commissioned capex in FY25 was the northern remote stands project, originally forecast to be completed in June 2025, the project was completed and put into use in September 2025. This timing differential was the primary cause of the variance to forecast for commissioned assets in FY25, and the impact of the timing of this project will be 'reversed out' with a similar variance in the opposite direction in FY26 disclosure.

Auckland Airport will consult with airlines on its capex wash-up as part of the PSE5 consultation due to commence in the second half of this year.

5.2.3. Asset management plans are proposed for the purpose of more frequent ex-ante disclosure

Air New Zealand submitted:

We recommend as part of this review that the Commission consider requiring regulated airports to publish some form of asset management plan every three years and release updated 10-year forecasts of capital and operating expenditure annually. More frequent disclosures may promote more efficient outcomes by providing earlier notification of major capex projects, which could in turn trigger the additional disclosure and verification processes that the Commission is considering.²³

²³ Air NZ (2026, February 18), *Changes to Airport Information Disclosure 2026 – Process and Issues*, p. 6

Auckland Airport considers that calls from Air New Zealand for Asset Management Plans represent a separate issue to disclosure of major capex investment decisions. Asset condition at airports is not an issue or concern that has been raised in the context of this review. Rather, the public consider that airports are the best performing infrastructure in New Zealand. This indicates that asset management of airports is not an issue that requires a regulatory intervention.

This proposal from Air New Zealand appears to be predicated on a desire for more frequent ex-ante disclosure of investment plans. For the same reasons outlined above, such changes are not going to enhance the ID regime.

5.3. Information already disclosed in the current regime does not require change

Air New Zealand propose the following changes to ID regulation (Auckland Airport emphasis):

*Improved ex-post disclosure from airports and scrutiny from the Commission to enable interested persons to understand the evolving cost-to-complete of major capex programmes, **whether the airport's price setting forecasts were reasonable, whether an airport has used major capex to target excess returns and whether a wash-up should be undertaken.***²⁴

Current ID regulation already allows for assessing whether the forecasts used for pricing were reasonable. Annual disclosures provide extensive variance analysis to forecasts that were set, and the reasonableness of forecasts is assessed by the Commission in its pricing reviews. This assessment includes assessment of the investment programme, which the Commission did for Auckland Airport's PSE4 and found it to be reasonable. There is no reason why further or additional disclosure on these issues is necessary, or would better achieve the Part 4 purpose.

Qantas submitted:

Current ID provides a point-in-time snapshot at each PSE with no requirement for ongoing reporting against disclosed plans. Between PSE reviews - potentially five or more years - actual capital programmes may diverge significantly from what was disclosed and priced.

*The current regime provides no structured mechanism to assess whether assets consumers are paying for are being delivered on time, on budget, and to the scope consulted on. Where an airport materially underspends or delays delivery, charges levied may not reflect services actually provided - fundamentally at odds with Part 4 outcomes. QAG submits that airports should be required to disclose, at least annually, actual capex incurred against PSE forecasts with explanations for material variances.*²⁵

Auckland Airport does not consider this to be correct. Annual ex-post disclosures provide significant detail on delivery against proposed capital investment plans including variance analysis. These disclosures are released annually. Until its most recent disclosure, Auckland Airport had not received any inquiries from airlines on its variance analysis post-disclosure.

²⁴ Air NZ (2026, February 18), *Changes to Airport Information Disclosure 2026 – Process and Issues* p. 2

²⁵ Qantas (2026, February 19), *Qantas Group submission to the Commerce Commission of New Zealand Changes to Airport Information Disclosure Process and Issues Paper 2026*, p. 5

5.4. Proposals for changes to disclosure that the Commission should consider

Airlines make some valid submissions on where additional information may enhance the ID regulation of airports. These include detail around traffic forecasts and the link with investment, design service levels, and cost benefit analysis.

5.4.1. Traffic volume forecasts

Qantas submitted:

The justification for major capex relies on demand projections, yet the current ID regime does not require airports to disclose their demand models, key assumptions, or sensitivity analysis. AIAL's actual passenger volumes have materially underperformed the forecasts embedded in PSE4 pricing, raising questions about whether capital programmes are appropriately sized. Enhanced ID should mandate disclosure of demand modelling methodology, base case and downside scenarios, and the sensitivity of the capex programme to demand outcomes. ²⁶

The current ID determination already contains a number of requirements for the disclosure of demand forecasts. For example, schedule 20 of the pricing disclosure templates. Auckland Airport discusses the details of these forecasts in its commentaries.

Auckland Airport is supportive of transparent, high-level disclosure of demand and growth assumptions where this helps explain the basis on which major capital investments are planned. These assumptions are typically developed through engagement with airlines and other stakeholders and reflect a combination of macroeconomic trends, network development expectations, and airline fleet and schedule planning.

However, downside scenarios as suggested by Qantas should not be included as a disclosure requirement. This would create a real risk of underinvestment, giving incumbent airlines an 'anchor' for which to delay investment from when it is considered to be needed (i.e. the base case). It is telling of its intent that Qantas' submission considered a downside scenario should be included as a disclosure requirement, but a commensurate upside scenario was not suggested.

In any disclosure for traffic volume forecasts, it is important to recognise that the accuracy of demand forecasts is inherently dependent on the quality and certainty of information provided by substantial airline customers, particularly around fleet acquisition, retirement, and deployment decisions that are often commercially sensitive and subject to change.

Framing demand disclosure in this way — focused on explaining assumptions and uncertainty rather than asserting precision — can enhance understanding of investment rationale while appropriately acknowledging that forecast outcomes are a shared function of airport planning and airline-provided inputs, rather than something fully within the airport's control.

5.4.2. Design service levels

Air New Zealand submitted:

Design and Service Parameters

²⁶ Qantas (2026, February 19), *Qantas Group submission to the Commerce Commission of New Zealand Changes to Airport Information Disclosure Process and Issues Paper 2026*, p. 4

Early and structured disclosure of design and service parameters would materially improve consultation outcomes.²⁷

Disclosure of design levels of service (“**LoS**”) could provide valuable context on how capacity, resilience, and quality objectives have informed long-term asset planning, supporting assessment against the purpose of Part 4.

However, once again Auckland Airport disagrees that such a change would materially improve consultation outcomes nor should consultation outcomes be the basis for determining disclosure requirements. Levels of service for the Domestic Jet Terminal were agreed when the development was supported by Air New Zealand and BARNZ, only for them to later change their mind. Further disclosure early of LoS would not have avoided this series of events. Airlines can choose to ‘walk away’ with their support for a development, airports are ultimately the party that is accountable for delivering the service.

5.4.3. Cost benefit analysis

Qantas submitted:

QAG agrees that cost benefit analysis provides justification to an investment and detailed costing of each investment project demonstrates reasonableness of spend. Methodology for cost benefit analysis should be disclosed as well as the impact to aeronautical pricing. This will enable airlines to perform detailed assessment to drive an informed decision.²⁸

Air New Zealand submitted:

Air New Zealand agrees with the Commission’s proposed additional information areas at paragraph 2.21, namely:

- Investment justification (2.21.1): disclosure of a cost-benefit analysis (or equivalent) would clarify the need being addressed, the benefits sought, and the trade-offs being made.²⁹*

Auckland Airport is supportive of the principles behind introducing disclosure requirements related to cost-benefit analysis of major capex, so long as the disclosure requirements are proportionate and consistent with the purpose of Part 4.

Where the airport invests in additional capacity, the benefits of the competition that is enabled by that capacity including lower airfares and increased connectivity, and the associated broader economic benefits, must be captured in any such analysis to consider the overall benefit to New Zealand.

It is important to consider whether the benefit of such additional disclosures would outweigh the costs. The regime is already well calibrated to align airport interests with the public interest, incentives to invest optimally to maximise traffic volumes (by not setting charges any higher than they need to be to provide resilient capacity) will achieve the best outcomes for the airport. Specific cost-benefit analysis isn’t necessary to understand that airports are incentivised to produce these outcomes.

²⁷ Air NZ (2026, February 18), *Changes to Airport Information Disclosure 2026 – Process and Issues* p. 7

²⁸ Qantas (2026, February 19), *Qantas Group submission to the Commerce Commission of New Zealand Changes to Airport Information Disclosure Process and Issues Paper 2026*, p. 7

²⁹ Air NZ (2026, February 18), *Changes to Airport Information Disclosure 2026 – Process and Issues* p. 6