

Airport Information Disclosure Amendment 2026

Final decisions reasons paper

29 October 2026



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Executive summary

We have made changes to the information disclosure requirements for airports

- X1 We have introduced new disclosure requirements for airports with the aim of improving the availability and timing of information for interested parties to assess whether the purpose of Part 4 of the Commerce Act 1986 (**the Act**) is being met. The new requirements focus particularly on disclosures relating to proposed major capital expenditure (**capex**) projects or programmes.
- X2 The final decisions follow our Process and Issues (**P&I**) paper,¹ and draft decision reasons paper and determination.² Our draft decision reasons paper introduced a package that we considered supported the purpose of information disclosure (**ID**) regulation by promoting transparency and increasing interested parties' ability to assess if the Part 4 purpose is being met.
- X3 The final determination gives effect to our final decisions and is published alongside this paper.

Summary of final decisions

Disclosure threshold and timing

- X4 Our final decision is to require further disclosures when a proposed major capex project or programme is estimated to exceed 20% of the total regulated asset base (**RAB**). This reflects the different sizes of the regulated airport businesses as the threshold will be different depending on the preceding disclosure year's closing RAB.
- X5 The disclosures are required to be made within 40 working days after the airport concluding the Civil Aviation Act (**CAA**) consultation with its substantial customers on a proposed major capex project. Disclosing the information at this stage will be a significant improvement over the current disclosure cycle tied to price setting events (**PSE**) every five years. We consider that this improvement better promotes the purpose of information disclosure under the Act by providing information in a timely manner to ensure that sufficient information is readily available to interested persons to assess whether the Part 4 purpose is being met.
- X6 We have changed our final decision to be 40 days after the CAA consultation process concludes, allowing the disclosed information to reflect any changes arising from the CAA capex consultation and therefore be more accurate and useful.

¹ Commerce Commission. [*Changes to Airport Information Disclosure – Process and Issues paper*](#) (20 January 2026).

² Commerce Commission: [*Airport Information Disclosure Amendment 2026 – Draft decisions reasons paper*](#) (25 June 2026).

- X7 To clarify, the purpose of ID in this context is to promote understanding about decisions made by airports, as opposed to specifying the process that airports must undertake when considering major capex projects (which is regulated under the CAA). Our decisions have been made based on what we consider best promotes this understanding.
- X8 These obligations would apply from the date of publication of the final determination to apply to future projects.

Disclosure requirements

- X9 The new information we require airports to disclose for proposed major capex projects and programmes is:
- X9.1 a description of the major capex;
 - X9.2 business case disclosures;
 - X9.3 Levels of Service (**LoS**) assumptions/parameters (where they are used), with reference to any relevant recognised standards;
 - X9.4 forecast cost and asset allocation information; and
 - X9.5 any assurance or peer review report held by the airport regarding the proposed major capex project or programme.
- X10 If the additional disclosures are insufficient to promote the purpose of ID, we may consider more prescriptive requirements in the future.

Other proposed amendments

- X11 We are also making two further amendments to information disclosure requirements that are unrelated to major capex:
- X11.1 additional tax information disclosures, which are required to be included in the pricing templates to support profitability analysis; and
 - X11.2 an amendment to the debt leverage assumption set out in schedule 3b (iv), to require airports to manually disclose this value, consistent with the value specified in the Input Methodologies (**IMs**).

Chapter 1 Introduction

The purpose of this review

- 1.1 This paper sets out our final decision to amend the current airport ID requirements. The amendments are intended to ensure that interested persons have sufficient and readily available information to assess whether the purpose of Part 4 is being met. Our focus for this amendment is on proposed major capex projects or programmes that airports are planning.
- 1.2 The amendments are intended to strengthen ID regulation in order to promote the purpose of ID. This includes promoting transparency, supporting a better understanding of airports' performance and helping interested persons to assess whether airports are investing efficiently and effectively. The amendments also encourage suppliers to improve performance over time for the long-term benefit of consumers.

The context and scope of this review

- 1.3 This review follows our targeted assessment of airport regulation which looked at how we could improve the regulation of airports, particularly during times of major capex proposals.³ Our targeted assessment concluded that we would not initiate an inquiry into additional forms of regulation for airports due to the high-cost nature of the process and the lack of flexibility of any resulting regulatory changes. Instead, we identified additional ID requirements relating to proposed major capex could deliver some benefits. We are also in the process of amending the airports cost of capital Input Methodologies (**IM**) to correct the errors that were identified in the 2023 airports IM review.
- 1.4 Our targeted assessment was in response to a letter from Air New Zealand, following the Ministry of Business, Innovation and Employment's (**MBIE**) consultation with aviation stakeholders on the regulation of airport services.^{4, 5} MBIE concluded that we could improve the ID regulation of airports, without changes to the primary legislation. MBIE undertook its consultation after we published our report on the review of Auckland Airport's fourth price setting event (**PSE4**).⁶
- 1.5 On 25 June 2026 we published our draft decision reasons paper. Stakeholders provided submissions and cross-submissions on our draft decisions which we considered in reaching our final decisions.⁷

³ Commerce Commission. [Targeted assessment of airport regulation](#) (6 October 2025).

⁴ Air New Zealand. [Letter to the Commerce Commission](#) (25 July 2025).

⁵ MBIE. [Regulation of airport services: feedback from targeted consultation and next steps](#) (17 June 2025).

⁶ Commerce Commission. [Auckland Airport Price Setting Event 4](#) (31 March 2025).

⁷ The submissions and cross-submissions can be found [here](#).

- 1.6 We received nine submissions and seven cross-submissions on our Draft decision paper, which we have grouped into ‘airports’ and ‘airlines’ including the representative groups, in setting out views in this paper.⁸ We thank stakeholders for their submissions on our draft decision.

Regulatory framework

- 1.7 Auckland, Wellington and Christchurch international airports are subject to information disclosure (**ID**) regulation under Part 4 of the Commerce Act. ID regulation requires regulated airports to disclose information in accordance with the requirements we determine.
- 1.8 The purpose of ID regulation is to ensure that interested persons have sufficient information to assess whether the purpose of Part 4 is being met.⁹ The purpose of Part 4 is to promote the long-term benefit of consumers in markets where there is little or no competition and little or no prospect of a substantial increase in competition, by promoting outcomes that are consistent with outcomes produced in competitive markets, such that suppliers of regulated goods or services:¹⁰
- 1.8.1 have incentives to innovate and to invest, including in replacement, upgraded, and new assets;
 - 1.8.2 have incentives to improve efficiency and provide services at a quality that reflects consumer demands;
 - 1.8.3 share with consumers the benefits of efficiency gains in the supply of the regulated goods or services, including through lower prices; and
 - 1.8.4 are limited in their ability to extract excessive profits.
- 1.9 The Airports ID Determination sets out what information must be disclosed by regulated airports and when. Current airports ID requirements include disclosure of historical performance information and forward-looking information at the time of a price setting event (**PSE**).¹¹

⁸ The airports group includes Auckland International Airport Limited (**AIAL**), Wellington International Airport Limited (**WIAL**); Christchurch International Airport Limited (**CIAL**); New Zealand Airports Association (**NZAA**); and the Airports Council International: Asia-Pacific & Middle East (**ACI**). The airlines group includes Air New Zealand Limited (**Air NZ**); Qantas Group Limited; the International Air Transport Association (**IATA**); and the Board of Airline Representatives New Zealand (**BARNZ**).

⁹ Commerce Act 1986, s 53A.

¹⁰ Commerce Act 1986, s 52A.

¹¹ Commerce Commission: *Airport Services Information Disclosure Determination 2010* 715.

- 1.10 Our key consideration in coming to our final decisions for the ID requirements set out in this paper is that we require the disclosure of information that will ensure that interested persons have sufficient information readily available to assess whether the Part 4 purpose is being met.¹² In other words, we must consider the information that will allow an interested person to assess whether a regulated supplier faces incentives to supply services in a manner that is likely to produce certain outcomes one would expect to find in a workably competitive market.
- 1.11 In coming to our final decisions, we have also considered the regulatory burden of increasing disclosure requirements for airports which may come at a cost and is ultimately borne by consumers.

“Sufficient information”

- 1.12 The purpose of ID under section 53A of the Act is to ensure that ‘sufficient’ information is readily available to interested persons to assess whether the Part 4 purpose is being met. To understand whether the relevant outcomes consistent with workably competitive markets are being promoted, interested persons should have sufficient information to assess businesses’ past and future performance.
- 1.13 Having ‘sufficient’ information will encompass both quantitative and qualitative information, with information being sufficiently disaggregated to allow interested persons to understand what is driving performance.
- 1.14 For airports, information about capital expenditure can help interested persons to understand the scale and nature of investment needs and assess likely future performance.

“Readily available”

- 1.15 The manner and form in which information is disclosed affects interested persons’ ability to use that information to assess performance and whether the purpose of Part 4 is being met. We consider that relevant factors in ensuring information is ‘readily available’ are the extent to which information is:
- 1.15.1 consistent;
 - 1.15.2 accessible;
 - 1.15.3 comprehensible; and
 - 1.15.4 timely.

¹² Commerce Act 1986, s 53A.

- 1.16 To be considered ‘readily available’, information disclosed by regulated suppliers of regulated services should therefore be consistent, accessible, comprehensible and timely. This helps interested persons use the disclosed information to assess the performance of regulated suppliers and whether the Part 4 purpose is being met. Without requirements ensuring consistency, the disclosed information may be harder to interpret, less useful for generating meaningful insights and may require time-consuming processes to make the information consistent.
- 1.17 We consider that the publication of our summary and analysis of the information disclosed by regulated suppliers in response to our ID requirements also contributes to information being ‘readily available’, to the extent that our summary and analysis also meet the relevant factors of being consistent, accessible and comprehensible.
- 1.18 We are also of the view that information should be disclosed in a timely manner for interested persons to draw pertinent insights. The ability of interested persons to assess whether the Part 4 purpose is being met may decrease if the information is not disclosed in a timely manner, as delayed disclosures would likely affect the usefulness of the information and the effectiveness of ID regulation. This would especially be the case where regulated suppliers’ decisions are based on factors that are likely to change over time, such as passenger demand.
- 1.19 We will continue to monitor whether the information we require as part of the new major capex disclosures is sufficient to meet the purpose of ID and the Act and may refine the requirements if we judge it prudent to do so.

Chapter 2 Our final decisions

Purpose of this chapter

- 2.1 This chapter contains our assessment and final decisions on:
 - 2.1.1 what should be considered a major capex project or programme;
 - 2.1.2 what new information will be required as part of disclosures for proposed major capex;¹³ and
 - 2.1.3 when an airport should disclose such information.

Summary of final decisions

- 2.2 Decision 1 outlines the threshold and timing of the new disclosures. Decision 2 covers the specific information we propose to require when major capex disclosures are triggered. They are:
 - 2.2.1 business case disclosure;
 - 2.2.2 Levels of Service disclosure;
 - 2.2.3 cost and asset allocation; and
 - 2.2.4 independent assurance/peer review of major capex.
- 2.3 Decisions 3 and 4 contain two minor amendments to the existing disclosure requirements, that are separate from the new major capex disclosures.
- 2.4 We are required to undertake a summary and analysis of the information disclosed, but we do not intend to undertake a detailed review of every major capital expenditure project or programme. We may choose to undertake analysis on certain aspects of an individual project or programme, or a higher-level analysis of a group of projects and programmes that we bundle together at some stage for analysis.

¹³ In the rest of the paper, we use the term ‘capex project’ to include a programme of related projects.

Decision 1: Major capex disclosures: threshold and timing

Our decision is to:

1. require major capex disclosures within 40 working days of an airport completing CAA consultation on a proposed major capex project or programme; and
2. define a ‘major capex project’ to mean a capital project or programme of capital expenditure (excluding renewals) that involves total expenditure over the life of the project or programme of more than 20% of the airport’s total closing RAB from the preceding year’s annual disclosure.

Major capex threshold

- 2.5 Currently, airports disclose limited information on key capex projects (which would include major capex projects) after a PSE such as actual delivery of capex, forecast capex, and cost allocation methodology. Under the current airport ID requirements, key capex projects have a threshold value of \$5 million over the life of the project.
- 2.6 We are introducing disclosure requirements for major capex, which we define as a project or programme (excluding renewals) that involves total expenditure of more than 20% of an airport’s total closing RAB from the preceding year’s annual disclosure. Note, we have also included in the definition that a programme is a group of projects, that together contribute to one output.
- 2.7 We remain of the view that having specific disclosure requirements for proposed capex of a significant value will promote the ID purpose. The disclosure would allow interested persons assess earlier whether airports are investing efficiently and providing services at a quality that reflects consumer demands.

Submissions

Airport submissions

- 2.8 Airports Council International (**ACI**) supports the 20% of RAB threshold as appropriate, although seeks us to clarify why closing RAB was used as opposed to opening RAB as suggested by airports. It noted that the difference is modest but requests that the approach is stable and predictable year-on year. It also supports the exclusion of asset replacement and renewal from the definition, as well as the programme-aggregation rule mirroring the existing “key capital expenditure project” definition.¹⁴ NZAA, AIAL, CIAL and WIAL also supported maintaining the 20% of closing RAB draft decision as the trigger for further disclosures. In general, they considered that this approach appropriately reflects the relative size of each major airport.

¹⁴ [ACI submission](#), pg 5.

Airline submissions

- 2.9 Air NZ, Qantas, IATA, and BARNZ all supported the 20% RAB threshold for disclosure, however they would prefer if it was bolstered with a fixed dollar value backstop to capture capex considered major as airport RABs increase over time.¹⁵ BARNZ specifically recommended that the draft clause 4.1 be amended to explicitly state *“that where multiple capital projects are operationally independent or executed within the same pricing period, their cumulative forecast value must be aggregated for the purpose of the 20% RAB threshold test”*.
- 2.10 In general, airlines considered that a fixed dollar value backstop would improve the disclosure trigger, where capex which could have an impact on aeronautical pricing may creep through without triggering the threshold as airport RABs increase.

Assessment

- 2.11 Our final decision is to keep the threshold set at 20% of the closing RAB from the preceding year’s annual disclosure to define a major capex project or programme. Our view remains that setting disclosure requirements for proposed major capex with reference to the RAB from the preceding year’s annual disclosure accounts for the different sizes of airport businesses as shown in Table 2.1. We consider the preceding year’s closing RAB is a predictable and appropriate point in time to measure future major capex against. A fixed dollar value may become outdated over time and it is not clear the methodology that should be used to determine different values for each airport if that would be required.

Table 2.1 Indicative major capex value at 20% of the RAB¹⁶

Airport	PSE	20% of RAB (\$m)	No. of projects likely to have been affected
Auckland	4	\$477	2
Wellington	5	\$146	1
Christchurch	4	\$122	0

- 2.12 Airports will be required to consult substantial customers under the Civil Aviation Act 2023 (**CAA**) if the project value exceeds \$30 million even when it does not meet the 20% threshold. We have heard in submissions such as from BARNZ stating that the recent changes to the CAA requiring consultation on projects exceeding \$30 million is not an appropriate solution to the problems created by major capex proposals.¹⁷ This process, under the Commerce Act, is separate to that under the CAA, so cannot address any concerns about the CAA process.

¹⁵ [Air NZ submission](#), pg 1, [Qantas submission](#), pg 2, [IATA submission](#), pg 1, [BARNZ submission](#), pg 5.

¹⁶ The RAB figures are based on the 2025 annual disclosures.

¹⁷ [BARNZ submission](#), pg 3.

- 2.13 To mitigate the risk where proposed major capex projects are split up to stay below the threshold for additional disclosure, we have included the requirement that airports treat a group of projects that together contribute to one output (or a set of overlapping outputs) as a programme, and that this is caught by the definition of major capex. This is the same requirement used in the definition of ‘key capital expenditure project’ found in the current ID Determination.¹⁸
- 2.14 We considered setting a hybrid trigger of a dollar value alongside a percentage of RAB, whichever is met first. Whether we would apply the same dollar value across all regulated airports or set a specific value periodically for each airport is uncertain. For this review, considering where the three regulated airport’s RABs currently stand and as a first step, we have decided to keep our draft decision of using a RAB trigger only. We consider that at this stage the burden of requiring the additional disclosures on capex below the current trigger may not outweigh the benefits. We will monitor if this remains appropriate over time.
- 2.15 We consider that the proposed threshold strikes the right balance between improving transparency for proposed major capex and minimising the regulatory burden which may be significant if the threshold is set too low and best promotes the purpose of ID and the Act.

Disclosure timing for major capex

- 2.16 Our final decision on disclosure timing is different from our draft decision. It is to require that airports disclose the information about proposed major capex within 40 working days of the conclusion of the CAA consultation process. This includes any future consultation on the same proposed major capex project or programme, which indicates that an airport has made a significant and/or material change to the investment proposal.
- 2.17 As indicated above, major capex projects are likely to have a significant impact on prices. When proposed major capex projects are disclosed after a PSE, it may limit the ability of interested persons (including us), to effectively assess if the purpose of Part 4 is being met. This is because after a PSE, decisions on major capex might have been finalised, funds committed and some projects may have commenced.

¹⁸ Commerce Commission. [*Airport Services Information Disclosure Determination 2010 - consolidated*](#) (18 June 2019), pg 36.

- 2.18 We consider our proposal to tie disclosure to when consultation on a proposed major capex project concludes will strengthen the effectiveness of ID, by making available to interested persons information that would otherwise not be available until later. Although this is slightly later than our draft decision on timing, we consider that it better promotes the purpose of ID by placing into the public record information that is final and has had the benefit of any updates following airport consultation with substantial customers. We also consider that it is appropriate to recognise our process and the CAA process as separate and not conflate the purpose of ID with CAA capex consultation.

Submissions

- 2.19 Submissions discussed our draft decision which was for disclosures to be made within 10 working days of an airport's decision to consult on major capex under the CAA. In general, airports expressed concerns with the disclosures occurring during the process and considered it would be impractical. Airlines supported the draft timing decision, and some sought for disclosures to be made earlier than what was proposed. Airlines also focused on the benefits to the CAA consultation process that early disclosures may bring.

Airline submissions

- 2.20 BARNZ considered that disclosure would be ineffective if too close to the decision date. It submitted that disclosure should be made 6 months prior to either the airport board passing a binding resolution to commit to the major capex, or the execution of any construction or procurement contracts exceeding 5% of the total project budget.¹⁹ IATA, Qantas, and Air NZ expressed support for our draft decision. Air NZ submitted that disclosure must occur before the proposed major capex is effectively settled.²⁰

Airport submissions

- 2.21 ACI conditionally supported the draft timing decision, provided that three safeguards are in place being: demonstrating that disclosures are point-in-time and not binding, a genuinely material reconsultation trigger, and confidentiality for genuinely sensitive material.²¹

¹⁹ [BARNZ submission](#), pg 5.

²⁰ [Air NZ submission](#), pg 2.

²¹ [ACI submission](#), pg 6.

- 2.22 AIAL, CIAL, WIAL, and NZAA did not support the draft timing decision. Airport submitters sought clarification about our intended role, and the purpose of the information being disclosed, particularly whether we intended to publish summary and analysis during the CAA consultation window to influence airport investment decisions. Doubt was cast on our ability to do so in a short timeframe. Airports submitted that if the purpose of the disclosures was not for us to provide a public opinion on, then it begged the question, what were they for? Our final decision on disclosure timing reflects our view that the purpose of ID is best promoted by increasing parties' ability to understand airports' investment decisions once they have been made without removing autonomy to make those decisions.
- 2.23 Airports generally considered that ample information was already provided to substantial customers for the purpose of CAA consultation so the further disclosures would be duplicative. We note that airlines did not agree with airports and thought that the extra disclosures would improve their ability to consult effectively and would help bridge the information gap between airports and airlines.

Assessment

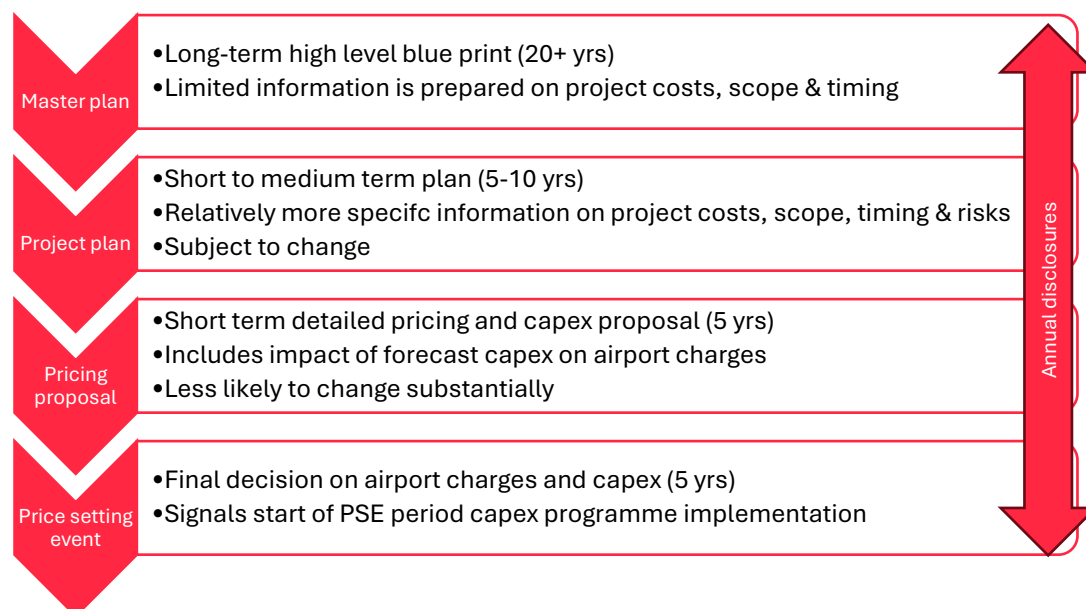
- 2.24 As we discussed in our draft decision, part of information being "readily available", is that it is disclosed at an appropriate time. Currently, PSE disclosures occur every five years with annual ID disclosures in-between. We consider interested persons may be able to better assess whether major capex is consistent with the purpose of Part 4, if additional disclosures occurred ahead of a PSE, particularly when there are significant capital investments being proposed.

Clarification of our intended role

- 2.25 As discussed at paragraph 2.4 above, we do not intend to individually undertake detailed summary and analysis of every major capex project that meets the disclosure threshold. We also do not intend to become involved in, or seek to influence, the CAA process.
- 2.26 As part of the CAA consultation process, airports must consult with airlines for any proposed capex over \$30 million. If an airport breaches its obligations to consult appropriately, it is open for airlines to judicially review the conduct of the airport.
- 2.27 Our role is to promote the purpose of the ID and the Act, by setting disclosure requirements, Input Methodologies, and conducting summary and analysis on the publicly available information so that interested parties can assess if an airport is acting in a manner that promotes the long-term interest of consumers.
- 2.28 One of the reasons we have changed our final decision to be 40 days after the CAA consultation process concludes, is that it provides enough time for airports to revise the material that will be disclosed should any assumptions or decisions change because of the CAA consultation. Although earlier disclosure may assist airlines during the CAA capex consultation, this is not an appropriate reason for us to decide when the disclosure is made when we consider that the alternative better promotes the purpose of ID and the Act.

- 2.29 While airports may consult on project proposals as early as master plan stage, capex disclosures to us are currently required only after a PSE. Figure 2.1 shows an example of the stages through which capex project planning may flow from a high-level concept to implementation. We consider that 40 working days following the CAA consultation remains a significant improvement on the current 5-yearly PSE review reports.

Figure 2.1 Example of stages of capex planning over time²²



The options we considered

- 2.30 We compared our draft decision of 10 working days following a decision to consult under the CAA on major capex, with our final decision (40 working days following the conclusion of the same process).
- 2.31 We considered that the benefit of keeping the draft decision would have been that the information would be in the public domain earlier, allowing for faster transparency of an airport's investment decisions. We considered the main downsides were that information may change following the consultation and risk conflating the CAA process with ID regulation.
- 2.32 We compared this with what we considered the benefits would be to use the new timing option which were:
- 2.32.1 the disclosures would be more useful after the CAA concludes, as it would allow for any changes which result from the consultation to be reflected in the disclosures, rather than the information becoming outdated should any material changes to the major capex plans be made;

²² While a PSE is for a 5-year period, individual projects can be implemented over 2 or more PSE periods, and the consultation timing is not necessarily tied to PSE events.

2.32.2 it eases the regulatory burden of preparing further disclosures within the CAA consultation timeframe.

2.33 We consider that 40 working days following the conclusion of the CAA consultation process remains an improvement on the status quo, and when we are particularly interested or concerned about a specific major capex plan, public summary and analysis could make it clear to an airport if we consider it is not acting in a manner which promotes the long-term benefit of consumers.

Proposed changes to information disclosure requirements

Decision 2: Major capex disclosure requirements

Our draft decision is that in respect of major capex, airports are required to disclose:

1. a description of the major capex;
2. a business case report for major capex, including a summary of reasons why the chosen option was preferred over other identified options;
3. any Level of Service design assumptions and parameters where they have been used in planning major capex projects and a summary of the reasons for an airport's Level of Service decisions including the method of measurement;
4. indicative asset and cost allocation for major capex projects on a forward-looking basis; and
5. any independent project assurance or peer review report held by the airport on major capex.

Describing major capex

2.34 Our final decision is for airports to disclose a description of the proposed major capex that includes an outline of the planned physical works. In respect of programmes, we propose that an airport should list each project the programme contains.

Cost-benefit analysis/business case disclosures

2.35 In our draft decision, we proposed disclosure of a cost-benefit analysis that included 10 requirements of what information is included.²³

²³ Commerce Commission. [\[Draft\] Airports Information Disclosure Amendment Determination 2026](#) (25 June 2026), pg 4.

- 2.36 Our final decision, similar to our draft decision, is intended to be more flexible and appropriate for the airport sector. It is that airports must disclose *a report of the business case prepared during the development of the major capex plan*. This business case report contains mandatory elements which we consider best promote the purpose of ID. We also allow airports to include any other supporting material it considers supports its business case if they choose to.
- 2.37 We remain of the view that many of the proposed elements of the cost-benefit analysis would better allow interested parties to assess whether the Part 4 purpose is being met. The less relevant requirements have been removed, and the remaining elements will be incorporated into a report on the business case. We consider that this structure better reflects airports' actual major capex planning processes. Our rationale for changing this decision and the submissions we received on this requirement are explained and described below.

Airport submissions

- 2.38 Airports were generally supportive of some form of cost-benefit analysis disclosure although they considered that the specific form of the proposed disclosure was not appropriate for airports, and akin to more straightforward public sector analysis that is most useful in a less complicated environment.

Key elements of the disclosure

- 2.39 AIAL submitted that the disclosure should focus on key elements of the business case for the major capex project that an airport already includes in its process and listed the following as key elements that could be included as specified requirements:²⁴
- 2.39.1 reasons for the investment;
 - 2.39.2 other options considered;
 - 2.39.3 project costs;
 - 2.39.4 assumptions and risks; and
 - 2.39.5 sensitivity analysis of the key assumptions.

²⁴ [AIAL submission](#), pg 4.

- 2.40 AIAL did not support a requirement for expected benefits to be presented “as a standalone monetised breakdown, or for a single, formally computed cost-benefit ratio, as outputs for disclosure”.²⁵ It considers that doing so does not reflect the actual decision-making process for airports and may add unnecessary cost to produce the disclosures. WIAL submitted that many of the matters above are already considered and discussed with airlines, and so far as benefits and costs are relevant, they would naturally form part of the overall consultation. ACI was also opposed to a direct cost to benefit ratio as a primary metric as for many airport projects it would not be meaningful.
- 2.41 NZAA mirrored AIAL’s suggestion above at paragraph 0 on what specific requirements would be appropriate for business case disclosures.²⁶ NZAA also explained that this would be more appropriate than a standalone monetised breakdown of expected costs and benefits. It stated that airport capex decisions are typically assessed through a structured business case process which is specific to each airport, but weigh multiple factors such as strategic need, options and alternatives, financial and commercial impact, delivery risk, and consumer and passenger outcomes.²⁷
- 2.42 WIAL submitted that it supports the following elements that we outlined in the draft decision:
- 2.42.1 reasons why a project is needed;
 - 2.42.2 consumer engagement undertaken;
 - 2.42.3 assumptions and risks;
 - 2.42.4 total project costs; and
 - 2.42.5 comparison with alternatives.
- 2.43 WIAL explicitly does not support:
- 2.43.1 a breakdown of the expected benefits, including to consumers; both monetary and non-monetary and an explanation of how the expected monetary benefits were estimated;
 - 2.43.2 a cost-benefit ratio; and
 - 2.43.3 a sensitivity analysis.

²⁵ [AIAL submission](#), pg 4.

²⁶ [NZAA submission](#), pg 5.

²⁷ *Ibid*, pg 5.

- 2.44 CIAL submitted that many of the proposed information disclosure requirements are provided to substantial customers during consultation already.²⁸ It explained that the cost-benefit analysis (**CBA**) as outlined in our draft decision is not commonly prepared as part of consultation or capex planning.
- 2.45 In its cross-submission CIAL stated it supports a fit for purpose business case disclosure that explains the:
- 2.45.1 investment needs;
 - 2.45.2 material options considered;
 - 2.45.3 costs;
 - 2.45.4 assumptions; and
 - 2.45.5 reasons for the preferred option.
- 2.46 In its cross-submission, WIAL rejected the airline suggestions for disclosure of long-term pricing impacts as it cannot be done with reliable precision because airport prices are affected by variables that change over time.²⁹ It also submitted that effects on fares, passenger volumes, connectivity and demand should not be disclosed as airports cannot provide this information reliably. WIAL considered that there is also limited transparency over the way airlines set fares and reiterates earlier comments that airfare monitoring would be a more appropriate mechanism for assessing whether airports charges affect airfares.³⁰
- 2.47 AIAL in its cross-submission rejected the proposals from airlines to include additional requirements for cost-benefit analysis of expected pricing and demand impacts. It considered that this would result in perverse outcomes and undermine the ability of airports to set appropriate price paths.³¹ In its cross-submission, ACI also rejects the airline proposals to take CBA further and considers that it would risk creating false accuracy, where information is required that is inherently uncertain.³²

²⁸ [CIAL submission](#), pg 2.

²⁹ [WIAL cross-submission](#), pg 2.

³⁰ Ibid, pg 2-3.

³¹ [AIAL cross-submission](#), pg 5.

³² [ACI cross-submission](#), pg 7.

The role of CBA

- 2.48 AIAL consider the proposed CBA, being an approach used to support decision making in the context of government expenditure, does not necessarily reflect the approach used by airports when making major capex decisions.³³ WIAL also considered it is a tool designed for public sector use.³⁴ It also explains that “*wider public benefits are not typically a focal point as airlines are not interested in funding public good projects that do not stand for their own commerciality.*”³⁵
- 2.49 CIAL submitted that care should be taken in applying what it describes as a public sector tool to airport planning, given airports are commercial, investor-owned businesses, and several airport investment decisions are driven by operational resilience and regulated compliance requirements of safety and security.³⁶

Compliance burden

- 2.50 WIAL submitted that it has explored initial cost estimates for what it would cost to prepare a cost-benefit analysis based on the draft decision requirements and considered it would be in the range of \$150,000-200,000 or more.³⁷ It noted that adding additional capex disclosures adds a significant regulatory burden at an already busy time (the CAA consultation), while navigating board decisions and finalising pricing models and consultation documents.³⁸

Airline submissions

Key elements of the disclosure

- 2.51 Air NZ strongly supported the disclosure of a CBA, particularly the proposed comparison with the do-nothing option, the least expensive option, a cost-benefit ratio, methodology and assumptions, and sensitivity analysis.³⁹
- 2.52 Air NZ recommended a further addition to the proposed requirements. For investments where capex will be recovered through aeronautical charges, a CBA should include the expected demand and pricing impacts over the recovery period, including beyond the current PSE.⁴⁰ It considered that while airports would argue that these pricing and demand impact would not be certain at the time of making this disclosure, uncertainty is not a reason to omit disclosing. Disclosure of this information would allow interested parties to assess if an investment is efficient, proportionate and demand led.⁴¹

³³ [AIAL submission](#), pg 4.

³⁴ [WIAL submission](#), pg 6.

³⁵ *Ibid*, pg 7.

³⁶ [CIAL submission](#), pg 3.

³⁷ [WIAL submission](#), pg 7.

³⁸ *Ibid*, pg 4.

³⁹ [Air NZ submission](#), pg 7.

⁴⁰ *Ibid*, pg 8.

⁴¹ *Ibid*, pg 8.

- 2.53 Qantas supported the disclosure of qualitative and quantitative CBAs. It highlighted that airports are proposing increasingly large and complex capex that have long-term implications for airline costs and consumers.⁴²
- 2.54 IATA submitted that our proposed requirements align with the principles advanced by IATA during the consultation process and would provide stakeholders with a meaningful basis to assess investment efficiency.⁴³
- 2.55 IATA recommended that we develop a high-level disclosure template or guidance note setting out minimum expectations that includes:
- 2.55.1 demand forecasting assumptions;
 - 2.55.2 discount rate methodology;
 - 2.55.3 treatment of non-financial benefits;
 - 2.55.4 scenario testing; and
 - 2.55.5 price impact analysis.
- 2.56 BARNZ supported the disclosure of CBA and considers that it must allow for commercial verification.⁴⁴ To achieve this, BARNZ submit that the disclosures must include:
- 2.56.1 comprehensive options analysis;
 - 2.56.2 unbundled cost drivers & benchmarking; and
 - 2.56.3 traffic demand sensitivity audits (particularly a 15-20% traffic demand downside sensitivity audit).

The role of CBA

- 2.57 In its cross-submission, Air NZ explained that it is sensible for CBA to have a flexible format, but what is more important is that the disclosure helps answer the question of *“whether the resulting cost and service outcomes are consistent with those expected in a workably competitive market and promote the long-term benefit of consumers.”*⁴⁵ This question, Air NZ explained, is more important than whether airports consider CBA a public sector tool.

⁴² [Qantas submission](#), pg 3.

⁴³ [IATA submission](#), pg 2.

⁴⁴ [BARNZ submission](#), pg 6.

⁴⁵ [Air NZ cross submission](#), pg 4.

- 2.58 BARNZ rebutted the airport submissions that CBA are strictly public sector tools, and stated that this “*ignores the reality that monopoly capital expenditure directly impacts New Zealand’s public air transport affordability*”.⁴⁶ It also submitted that the compliance burden would be minimal, unlike what has been expressed by airports, and that blanket commercial sensitivity claims would obscure accountability.

Compliance burden

- 2.59 Regarding WIAL’s submission that the cost of a bespoke CBA would be from \$150-200,000, Air NZ considered that for investments of scale, an airport would have already undertaken much of the analysis needed to satisfy the proposed requirements. The disclosure requirement should contain that analysis, assumptions and evidence and brought together and shared in a form that consumers can assess, rather than requiring an entirely new piece of analysis to be commissioned. Air NZ considered that if this material is not already prepared by airports, it only shows why this disclosure ought to be required.⁴⁷

Assessment and analysis

- 2.60 Our draft decision was to require a CBA in quantitative and qualitative terms. The cost-benefit analysis would include the following requirements, and those marked in red are the elements which have been removed in our final decision:
- I. reasons why the project is needed. This should include an explanation of the process undertaken by the airport to understand the need and any assessment criteria used by the airport in determining the need;
 - II. any consumer engagement undertaken;
 - III. a description of how the airport has assessed consumer demand for the major capex;
 - IV. any constraints or other relevant factors that may impact on the successful completion of the major capex project;
 - V. any alternative major capex or expenditure considered by the airport including a description of the rationale for excluding the alternatives and a summary of the reasons the preferred option was chosen. This should include a comparison between the major capex project, the ‘status quo’ and any other alternatives considered by the airport, (and must include the least expensive option);
 - VI. assumptions and risks of the major capex project;
 - VII. a breakdown of the total project costs in monetary and non-monetary terms;

⁴⁶ [BARNZ cross-submission](#), pg 3.

⁴⁷ [Air NZ cross submission](#), pg 4.

VIII. ~~a cost-benefit ratio, including the methodology and assumptions used to calculate the ratio; and~~

IX. ~~a sensitivity analysis;~~

X. ~~a breakdown of the expected benefits, including benefits to consumers; both monetary and non-monetary and an explanation of how the expected monetary benefits were estimated;~~

Assessment

- 2.61 The main concern expressed by airports is that the way the CBA requirements are designed in the draft decision does not reflect the reality of how major capex plans are planned for and prepared. Airport submitters generally described cost-benefit analysis as a public sector tool that is appropriate in more straightforward environments, where weighing up the costs of a specific project can easily be assessed against the public or monetary benefits of completing the project. We consider that the elements of airport major capex planning might differ from public sector investment in that wider public benefits or externalities are not relevant to investment business cases that airports use to identify whether the investment stacks up commercially to deliver services.⁴⁸
- 2.62 Airlines rebutted that CBA frameworks do not only apply to the public sector. BARNZ stating that doing so ignores the significant influence of major capex on prices and consumer affordability, and Air NZ asserted that the more important question is whether the disclosures promote the purpose of the Act by assisting interested parties to assess *“whether the resulting cost and service outcomes are consistent with those expected in a workably competitive market and promote the long-term benefit of consumers”*.
- 2.63 We consider that a standalone CBA is not necessary to support achievement of the relevant statutory purpose. We agree with Air NZ that the purpose of the Act is our focus, and the disclosures (regardless of the label) must help promote this purpose. While we do not require a prescriptively formatted CBA, we require that airports disclose how the investment will benefit consumers through how it addresses the underlying need and why it chose one option over others. We consider this approach best promotes the purpose of the Act and of ID by making information available that allows consumers to assess whether expenditure best promotes the Part 4 purpose.
- 2.64 The following are elements we have removed from the disclosure requirements:

⁴⁸ Although we note the intention was never to have treasury-style CBA apply to airports.

- 2.64.1 *A breakdown of the expected benefits, including to consumers, monetary and non-monetary and an explanation of how the benefits were estimated:* as discussed above, the benefits and need for investment airports consider as part of major capex planning is less straightforward than the public benefits apparent in parts of the public sector e.g. roads, bridges or other infrastructure. We do not consider that requiring this information would necessarily create the clearest picture of the relevant considerations behind the capex plans.
- 2.64.2 *Cost-benefit ratio:* we accept that a standalone cost-benefit ratio is less appropriate and may need to be overly simplified to apply to airport major capex. This does not appear to be prepared by airports when building business cases, without the above breakdown of expected benefits it is also not appropriate.
- 2.64.3 *A sensitivity analysis:* submissions were mixed on requiring a sensitivity analysis of key assumptions. We understand that this analysis is used by airports in some cases, however we consider that making it mandatory would not always be appropriate. Where this analysis has been undertaken, we encourage airports to disclose this information as part of a business case report, including how those sensitivity scenarios impact the recovery of costs from consumers.

Alternative ideas for disclosure requirements proposed

- 2.65 Airlines generally wanted us to include further requirements than what was listed in the draft decision. Some of the further requirements that airlines sought that were not present in the draft decision were:
 - 2.65.1 traffic demand sensitivity audits (particularly a 15-20% traffic demand downside sensitivity audit (BARNZ);
 - 2.65.2 unbundled cost drivers and benchmarking (BARNZ);
 - 2.65.3 where capex is recovered through aeronautical charges, the expected demand and pricing impacts over the recovery period including beyond the current PSE (Air NZ);
 - 2.65.4 discount rate methodology (IATA);
 - 2.65.5 price impact analysis (IATA);
 - 2.65.6 scenario testing (IATA); and
 - 2.65.7 treatment of non-financial benefits (IATA).

- 2.66 We consider that the requirements suggested above could at times be useful. However, requiring this information regardless of the context, where it may be less relevant or has not already been relied upon would unduly increase the regulatory burden, the cost ultimately being borne by the consumer. It is in an airport's best interest for it to put the best case for investment forward, and the determination allows for airports to include any other relevant material it considers relevant to its business case to allow for flexibility beyond the default disclosure requirements.

Weighing up the options

- 2.67 The draft CBA requirements received broad support from airlines. They considered the information would improve understanding of the planning behind major capex and support better negotiation and third-party scrutiny of investment.
- 2.68 We consider that the purpose of business case disclosures, is to require airports to disclose supporting material that explains what considerations and assumptions it has used to determine why its final plan is preferred over other options. We considered which aspects of the proposed CBA (now business case disclosures) are already used by airports and seen as appropriate planning tools for major capex, as well as the submissions we received on the draft decision about which aspects are appropriate, from airports and airlines.
- 2.69 We consider that the final decision strikes the right balance by requiring useful and relied upon information in a flexible format and leaving it open for airports to include other information it considers supports its business case, while removing requirements that are less relevant or appropriate.

Levels of Service

- 2.70 Our final decision requires airports to disclose Levels of Service (**LoS**) where relevant.
- 2.71 IATA provides internationally recognised LoS assumptions and parameters to assist airports in designing terminal facilities. It describes them as: *"a basic airport planning tool that provides a useful framework to support the design and expansion of airport terminal facilities and to monitor the capacity of existing facilities."*⁴⁹
- 2.72 Passengers going through an airport expect a certain level of service, including the amount of space each passenger occupies and queueing time at check-in counters, customs/migration and security points. LoS standards help airports to plan, design and operate passenger terminal facilities in a manner that provides an optimal experience for passengers, while avoiding under and over investment.
- 2.73 Our view is that requiring airports to disclose LoS design assumptions and parameters, as well as a summary of the reasons for an airport's LoS decisions may better promote the purpose of ID by increasing transparency surrounding the planning assumptions and rationale behind major capex projects and programmes.

⁴⁹ International Air Transport Association. [*IATA Level of Service \(LoS\) Best Practice*](#).

Submissions

- 2.74 There was broad support in submissions from both the airports and airlines on the draft decision for airports to disclose LoS where relevant. Airports indicated that they already consider LoS requirements as part of their planning, where it is relevant.

Airport submissions

- 2.75 Airport submitters mostly supported the proposed disclosure requirements while emphasising the need for flexibility to reflect airport-specific circumstances. Submitters considered that the requirements should focus on the assumptions and rationale underpinning investment planning, rather than prescribe regulatory standards. ACI, AIAL, Christchurch Airport, NZ Airports and Wellington Airport supported the draft decision to require disclosure of LoS assumptions and rationale underpinning major capex projects. These submitters considered LoS information to be a useful planning and stakeholder engagement tool that improves transparency around investment decision-making.
- 2.76 ACI submitted that LoS assumptions should be distinguished from day-to-day operational service standards and that disclosures should be limited to circumstances where LoS has genuinely informed project planning.⁵⁰ ACI and AIAL emphasised that appropriate service levels will differ between airports depending on factors such as airport size, traffic mix, terminal layout, operating model, passenger expectations and broader development objectives.⁵¹ ACI, AIAL and NZ Airports further submitted that the disclosure requirements should remain non-prescriptive and should not require airports to adopt specific LoS benchmarks or international standards as mandatory targets.^{52 53 54} In their view, disclosures should explain the airport's selected LoS and the rationale for those choices, rather than assess performance against a predetermined regulatory benchmark.
- 2.77 Wellington Airport supported the proposal but noted that LoS issues are already discussed through terminal planning and airline consultation processes.⁵⁵ It submitted that the requirement could duplicate information already available to stakeholders. It also sought greater clarity from us regarding the types of major capex projects for which LoS disclosures would be relevant. Christchurch Airport also supported the proposal and considered LoS disclosures a valuable input into discussions with the airline customers, as they help identify and understand differing preferences regarding service levels and investment outcomes.⁵⁶

⁵⁰ [ACI submission](#), pg 7.

⁵¹ [AIAL submission](#), pg 5.

⁵² Ibid, pg 5.

⁵³ [ACI submission](#), pg 7.

⁵⁴ [NZ Airports submission](#), pg 6.

⁵⁵ [Wellington airport submission](#), pg 5.

⁵⁶ [Christchurch airport submission](#), pg 2.

Airline submissions

- 2.78 Airline submitters including Air NZ, Qantas and IATA supported the requirement for airports to disclose the LoS assumptions, parameters and rationale used in developing major capex projects. Qantas considered greater transparency of LoS assumptions significant for assessing both the need for, and scale of, proposed investments.⁵⁷ It submitted that LoS assumptions can have a significant influence on investment costs and passenger outcomes and therefore should be clearly disclosed to support effective stakeholder scrutiny.
- 2.79 Air NZ supported the use of international recognised frameworks, including the IATA LoS framework, and submitted that airports should explain why a particular service level has been selected, including the trade-offs considered between service quality and affordability.⁵⁸ It considered that this information would improve transparency regarding the assumptions underpinning major investment decisions. Similarly, Qantas submitted that disputes between airports and airlines have historically focused on the service standards used to justify investment programmes.⁵⁹ It considered that disclosure of LoS, design assumptions, measurement methodologies and the reasons for selecting particular LoS parameters would enable stakeholders to better assess the need for and scale of proposed investments.
- 2.80 IATA also supported the draft decision. It recommended that airports reference recognised international standards, such as IATA LoS guidance, when disclosing design assumptions. In its view, this improves consistency and enables stakeholders to benchmark proposed service outcomes against established industry guidelines.⁶⁰ IATA also emphasised the importance of consultation between airports and users to agree on service quality key performance indicators and target LoS outcomes. In its view, this helps ensure that capital investment decisions are aligned with expected service standards while appropriately considering whole of life and operational costs.⁶¹

Assessment

- 2.81 We acknowledge the broad support from both the airports and airlines submitters on the proposed requirements to disclose LoS assumptions, parameters and rationale underpinning major capex projects. Consistent with airport submissions, LoS frameworks are planning tools used to inform investment decisions, rather than regulatory standards. Accordingly, we do not intend the requirement to prescribe specific service levels, design standards or performance benchmarks. Instead, the requirement is intended to enhance transparency by providing interested persons with greater visibility of the assumptions and considerations that have informed significant investment decisions.

⁵⁷ [Qantas submission](#), pg 3.

⁵⁸ [Air NZ submission](#), pg 8.

⁵⁹ [Qantas submission](#), pg 3.

⁶⁰ [IATA submission](#), pg 3.

⁶¹ *Ibid*, pg 3.

- 2.82 Appropriate service levels are likely to vary across airports, reflecting differences in passenger volumes, traffic mix, terminal configuration, operational model, resilience requirements and customer preferences. For this reason, the requirement is intended to focus on the disclosure of the airport's chosen LoS assumptions and the rationale supporting those assumptions rather than assessing airports against a common set of prescribed standards. Further, LoS assumptions that inform the planning and design of major capex projects should be distinguished from operational service standards applied in the day-to-day management of airports services. Consistent with this view, the disclosure requirement applies where LoS assumptions have been used in developing a major capex project and does not require airports to report operational performance metrics unrelated to the investment proposals.
- 2.83 We acknowledge the concerns raised by AIAL and NZ Airports regarding the use of the IATA framework. While IATA guidance is one of the most widely recognised frameworks used by airports to inform terminal planning and design, we do not require airports to adopt a specific framework. Rather, we expect airports to disclose the framework, standards, or benchmarks used to determine their target LoS. This requirement recognises that, where airports have relied on recognised guidance in developing a major capex project, disclosure of that information can assist interested person in understanding the basis for the proposed investment. We consider that greater transparency regarding the LoS outcomes adopted by airports, the rationale for those decisions, and the measures used to assess performance will assist interested persons in evaluating whether proposed investments appropriately balance service quality, capacity needs and affordability.
- 2.84 In response to Wellington Airport's concern regarding the potential duplication, we acknowledge that LoS assumptions may already be considered through airport consultation and planning processes. However, information disclosure serves a different purpose. Unlike consultation, which facilitates engagement between airport and stakeholders, information disclosure ensures information is publicly available to enable interested persons to assess whether investment decisions promote the long-term interests of consumers.
- 2.85 As consultation practices may vary between airports and over time, a standardised disclosure requirement will improve the accessibility, consistency and transparency of information available for the scrutiny of major capex proposals. This will enhance accountability for investment decisions while preserving flexibility for airports to determine LoS appropriate to their individual circumstances.

Cost and asset allocation

- 2.86 Our final decision is to require disclosure of forecast asset and cost allocation for major capex projects.

- 2.87 Air NZ and Qantas submitted that greater transparency is needed regarding the allocation of costs and assets associated with major capex projects, particularly where assets serve both aeronautical (regulated) and non-aeronautical (unregulated) functions. They noted that the current disclosure requirements provide limited visibility of how costs and asset values are allocated between aeronautical and non-aeronautical activities. In response to the draft decision, these submitters supported clearer disclosure of the proposed allocation of costs between aeronautical and non-aeronautical activities, and assets between priced and non-priced services.^{62 63}
- 2.88 We agree that such information being disclosed would better promote the purpose of ID, because it would improve the transparency of the likely impact on aeronautical charges of major capex projects and programmes, which may allow interested parties to better assess whether the Part 4 purpose is being met.

Airport submissions

- 2.89 ACI, AIAL and NZ Airports generally raised concerns about the proposed requirement for forward-looking disclosure of cost and asset allocation for major capex projects. While ACI did not oppose the proposed requirement for forward-looking disclosure of cost and asset allocation for major capex projects, it sought clarification on how the requirement would operate.⁶⁴ It submitted that any disclosed allocation should be clearly identified as indicative and preliminary, as they are based on the forecasts and may change as projects develop and final allocation decisions are made through the price setting process. ACI also suggested that the disclosed allocations should be based on the existing airport IMs framework to ensure consistency with other regulatory disclosures. In addition, it submitted that the requirement should be limited to proposed major capex projects and should avoid duplicating cost and asset allocation information already provided through annual disclosures and PSE consultation.⁶⁵
- 2.90 In contrast, AIAL opposed the proposal to require forward-looking costs and asset allocation disclosures. It submitted that the early disclosure could reveal commercially sensitive information, including project costs and options analysis and place an airport at a disadvantage in contractor negotiations.⁶⁶ AIAL also considered that allocation approaches are often still evolving at this stage, meaning the information may be preliminary and of limited value to interested persons. It further submitted that the requirement could duplicate information already disclosed through annual information disclosures, PSE consultation and the airport IMs and recommends a general exemption for commercially sensitive information.

⁶² [Air NZ submission](#), pg 7 & 8.

⁶³ [Qantas submission](#), pg 3.

⁶⁴ [ACI submission](#), pg 8.

⁶⁵ [ACI submission](#), pg 8.

⁶⁶ [AIAL submission](#), pg 5.

- 2.91 NZ Airports raised similar concerns, submitting that the proposed requirements could duplicate existing disclosure obligations without providing a clear additional benefit.⁶⁷ It considered that cost and asset allocation is primarily a pricing matter relating to how investment costs are recovered, rather than a factor influencing investment decisions. NZ Airports also submitted that requiring disclosure at an early stage of project development could give rise to pricing related disputes while allocation approaches remain subject to refinement. It therefore proposed that airports should be able to satisfy the requirement by confirming that a project's allocation approach is consistent with the methodologies already disclosed through their most recent PSE or annual disclosures, rather than preparing a new project specific forward-looking allocation model at an early stage of project planning.
- 2.92 Wellington Airport also expressed opposition to the proposal requiring forward-looking cost and allocation disclosures. It submitted that its capex consultation process is aligned with its pricing consultation process, this information therefore is already disclosed as part of the existing consultation requirements.⁶⁸

Airline submissions

- 2.93 Airline submitters broadly supported the proposed requirements for airports to disclose forward-looking cost and asset allocation information for major capex project, arguing that it improves transparency and enables more effective scrutiny of how project costs are allocated.
- 2.94 IATA supported the proposal, submitting that forward-looking disclosure of cost and asset allocation information would improve transparency regarding the allocation of major capex project costs.⁶⁹ It will assist stakeholders in assessing whether airport users are being charged fairly. IATA also recommended that airports disclose the expected impact of the major investments on airport charges to provide greater visibility of potential consumer outcomes.

⁶⁷ [NZ Airports submission](#), pg 5.

⁶⁸ [WIAL submission](#), pg 5.

⁶⁹ [IATA submission](#), pg 3.

- 2.95 Air NZ strongly supported the draft decision to require forward-looking cost and asset allocation disclosure for major capex projects. It submitted that the proposed disclosures would improve transparency, assist stakeholders in assessing whether costs are allocated appropriately, and reduce the risk of airlines and passengers funding infrastructure that also supports commercial activities such as retail, parking and property development.⁷⁰ Air NZ also submitted that airports should disclose how risks associated with major capex project are allocated between airports, contractors and consumers, noting that poor risk allocation could increase project cost and ultimately, airport charges. In addition, it recommended strengthening the disclosure requirements by requiring airports to disclose the value of costs and assets allocated under each allocation methodology. Air NZ argued that, while current disclosures identify the methodologies used, they do not indicate the scale of allocations, making it difficult for stakeholders to assess which allocations are most material and warrant closer scrutiny.

Assessment

- 2.96 Forward-looking disclosures of cost and asset allocation enhance transparency by providing interested persons with visibility of how the costs and assets associated with major capex project are expected to be allocated, including, between aeronautical and non-aeronautical activities. This allows interested persons to assess the implications of proposed investments and whether costs are being allocated appropriately.
- 2.97 We acknowledge ACI, AIAL and NZ Airports submissions on cost and asset allocation being indicative and that it may evolve as projects progress. Forward-looking disclosure of cost and asset allocation are inherently based on forecasts and assumptions, and interested persons can take this into account when assessing the disclosures. As in any other business, we would expect airports to consider and to be able to disclose how they intend to recover investment costs as part of their decision making. The preliminary nature of the information does not diminish its usefulness.
- 2.98 While consistency with the existing IMs is desirable, reliance on existing IM disclosures alone may not achieve the purpose of the proposed requirements. The IMs do not explicitly provide for disclosure of the expected forward-looking allocation of cost and asset for individual major capex projects. The proposed disclosure is intended to address this gap by providing project-specific information that supports informed scrutiny by interested persons.

⁷⁰ [Air NZ submission](#), pg 8.

- 2.99 We are not persuaded that the forward-looking disclosure of cost and asset allocations would result in unnecessary duplication of existing disclosures. Existing annual disclosures generally focus on historical information or broader pricing issues. However, the proposed requirements focus is to provide early visibility of the expected allocation of major capex projects, enabling interested persons to better understand how airports propose to allocate project costs before those costs are reflected in prices. This transparency will support more informed scrutiny of major investment proposals and help stakeholders assess whether proposed allocations are consistent with the IMs and the purpose of Part 4 regulation.
- 2.100 Cost and asset allocation is not considered solely a price matter. The allocation of project costs affects how costs are shared between airport users and other beneficiaries and is therefore relevant to stakeholders' assessment of proposed investments. Early disclosures allow interested persons to understand these implications and determine whether the purpose of Part 4 is being met.
- 2.101 Regarding commercially sensitive information, our requirement is intended for airports to disclose the expected allocation of project costs and assets, rather than detailed commercially sensitive information. The determination already contains mechanisms for protecting confidential information where appropriate.
- 2.102 Airline submitters considered that the proposed disclosures will improve transparency and enable more effective scrutiny of major capex projects. In particular, the disclosures will assist interested person in assessing whether aeronautical users' bear an appropriate share of project costs, particularly where investments provide benefits to both aeronautical and non-aeronautical activities. These disclosures will improve transparency around investment decisions, enabling stakeholders to better understand their potential impacts and assess whether investment outcomes are consistent with the purpose of Part 4. Accordingly, we retain the draft decision.

Final decision on independent assurance/peer review of major capex

- 2.103 Independent assurance and peer review reports are assessments prepared by appropriate qualified parties to evaluate aspects of a project such as its scope, costs, assumptions, risks or delivery approach.
- 2.104 In our P&I paper we had foreshadowed that airports could undertake independent verification (**IV**) of major capex project, and we could require disclosure of those independent verification reports. Our view was that this could promote the purpose of ID by allowing interested persons information to assess whether the purpose of Part 4 is being met, by being aware of (a) the need for the project (b) that its timing is justified and (c) that the project costs are efficient and have been prudently incurred, among other things.

- 2.105 Following consideration of submissions on the P&I paper, we revised our approach and replaced the proposed independent verification requirement with a requirement to disclose independent assurance or peer review reports. We consider this approach achieves a similar transparency objective by providing visibility of the information and analysis relied on by airports during project development, while avoiding the additional costs and regulatory burden that would arise from requiring airports to obtain independent verification.
- 2.106 For our final decision, we require airports to disclose any independent project assurance or peer review report they hold. We consider that these reports can provide much of the assurance of an independent verifier with a lower compliance burden.
- 2.107 Airports currently commission independent reports, as such, our final decision is that these reports should be disclosed. For instance, in our review of AIAL PSE4, we noted that AIAL had its Terminal Development Plan both independently costed and independently peer reviewed. Our view was that this provided assurance that AIAL applied rigor in the costing of its forecast expenditure plans.⁷¹ To the extent that airports already undertake assurance processes, we consider that the compliance burden of disclosing these reports would likely be minimal since airports are already seeking assurance.
- 2.108 Public disclosure of an assurance report promotes the long-term benefit of consumers by making sufficient information available to interested persons to assess the prudence and efficiency of airports investment decisions and evaluate whether those decisions support the purpose of Part 4. For future major capex, we encourage airports to consider the assurance measures and processes set out in Schedules J and K of the Transpower IMs.⁷² Airports may also find the terms of Reference for independent expert review of Transpower's recent HVDC upgrade project a useful guide for independent review of major capex projects.⁷³

Submissions

- 2.109 Submitters broadly supported the draft decision to require the disclosure of independent assurance or peer review reports held by airports for major capital expenditure projects.

⁷¹ Commerce Commission. [Review of Auckland Airport's 2022-2027 Price Setting Event - Final Report](#) (31 March 2025), pg 12.

⁷² Commerce Commission. [Transpower Capital Expenditure Input Methodology \(IM 2023 Review\) Amendment Determination](#) (13 December 2023), Schedules J&K.

⁷³ GHD Limited. [Independent Review: HVDC Link Upgrade Programme \(prepared for Transpower New Zealand Limited\)](#) (4 September 2025), pg 2.

Airport submissions

- 2.110 ACI, NZ Airports, AIAL and Wellington Airport supported the draft decision. These submitters generally considered requiring disclosure of existing independent assurance would improve transparency while avoiding the additional costs, administrative burden and potential project delays associated with requiring airports to commission new assurance reports.
- 2.111 Wellington Airport considered the draft decision to be an appropriate middle-ground approach that improves transparency without introducing an additional layer of independent verification.⁷⁴ NZ Airports and AIAL opposed mandatory independent verification. These submitters argued such requirements would increase compliance costs and project delivery timeframes, while shifting the regulatory regime away from its transparency-focused purpose towards a more approval-oriented framework.^{75 76}
- 2.112 While supporting the draft decision in principle, ACI submitted that the drafting of the determination was broader than the policy intent described in the reasons paper. ACI noted that the reasons paper referred to the disclosure of “*any independent project assurance or peer review report*”, whereas the draft determination required disclosure of “*any third-party reports held by an airport verifying, supporting or commenting on*” relevant information.⁷⁷ ACI submitted that the broader drafting of the determination could capture a wider range of documents than intended, including commercially sensitive material. It recommended limiting the requirements to final independent assurance reports that airports have relied on in relation to major capex projects.
- 2.113 NZ Airports and AIAL raised similar concerns regarding the disclosure of commercially sensitive information, including contractor cost estimates. They submitted that the airports should be permitted to redact commercially sensitive information, provide alternative explanatory notes, or submit the information to the Commission on a confidential basis.^{78 79}

Airline submissions

- 2.114 Air New Zealand, Qantas and BARNZ supported the draft decision in principle. However, these submitters considered that the proposal did not provide sufficient scrutiny of major capex projects. They recommended additional measures to improve transparency and reduce information asymmetry between airports and airport users. IATA supported the draft decision as a proportionate and pragmatic approach that balances enhanced transparency with avoiding unnecessary compliance costs and suggested that the effectiveness of the requirements be reviewed over time.⁸⁰

⁷⁴ [WIAL submission](#), pg 5.

⁷⁵ [NZ Airports submission](#), pg 6.

⁷⁶ [AIAL submission](#), pg 5.

⁷⁷ [ACI submission](#), pg 9.

⁷⁸ [NZ Airports submission](#), pg 6.

⁷⁹ [AIAL submission](#), pg 6.

⁸⁰ [IATA submission](#), pg 3.

- 2.115 Air NZ and Qantas supported stronger assurance requirements for major capex projects.^{81,82} They submitted that relying solely on assurance reports already held by airports could result in inconsistent levels of scrutiny, particularly where independent assurance has not been commissioned. Both submitters argued that mandatory independent verification would provide a more robust and consistent assessment of major capex projects and enhance stakeholder confidence in airport investment decisions. They also argued that the scope of the assurance should extend beyond cost estimates to include matters such as project need, planning assumptions, option analysis, delivery risks, service levels, pricing impacts, consultation outcomes, and expected consumer benefits.
- 2.116 BARNZ similarly supported the draft decision but submitted that further disclosures would be required to enable meaningful scrutiny of major capex projects.⁸³ It recommended disclosure of the assumptions and inputs underpinning assurance reports, alongside information on alternative investment options, cost benchmarking, and demand sensitivity analysis. BARNZ considered that this additional information would assist stakeholders in assessing the reasonableness of airport investment decisions and the robustness of the underlying analysis.⁸⁴
- 2.117 Air NZ accepts that there will be genuinely sensitive material in assurance reports but considers that they can be protected through “*aggregation, ranges, targeted redaction, confidential schedules to the Commission and a meaningful public summary.*”⁸⁵ It explains that a general commercial sensitivity carve-out should not conceal material information about the major capex.⁸⁶
- 2.118 BARNZ also considers that broad commercial sensitivity exemptions risk hiding cost drivers from scrutiny, and that “*unit-cost benchmarks, growth sensitivity assumptions, and allocation percentages must be fully disclosed to prevent information asymmetry.*”⁸⁷

Assessment

- 2.119 Submitters explained that independent verification requirements could enhance scrutiny of major capex projects and provide stakeholders with greater confidence in the information disclosed by airports. We also recognise that assurance reporting covering matters such as project need, options analysis, cost estimates, delivery risks, service outcomes, pricing impacts and consumer benefits could provide a more comprehensive assessment of major investment proposals. Such assurance could also help address information asymmetries between airports and airport users.

⁸¹ [Air NZ submission](#), pg 3.

⁸² [Qantas submission](#), pg 3.

⁸³ [BARNZ submission](#), pg 6.

⁸⁴ *Ibid*, pg 6.

⁸⁵ [Air NZ cross submission](#), pg 5.

⁸⁶ *Ibid*, pg 5.

⁸⁷ [BARNZ cross submission](#), pg 3.

- 2.120 An independent verification report can provide a useful form of assurance regarding disclosed information and may assist in identifying areas where further evidence, analysis, or scrutiny may be warranted. However, requiring airports to obtain an independent verification report for all projects exceeding the major capex threshold would impose additional compliance obligations and costs beyond those associated with existing disclosure requirements. Airports already rely on a range of external reports and assessments in developing major capex projects.
- 2.121 Allowing airports to disclose and explain those existing third-party assessment is considered a more proportionate approach to improving transparency than mandating a separate independent verification process for every major capex project. This approach is likely to achieve many of the benefits of additional assurance while avoiding unnecessary duplication and compliance costs.
- 2.122 The purpose of the proposed disclosures is to provide stakeholders with sufficient information to assess the basis for major investment decisions and engage meaningfully with airports on those decisions. In this context, disclosure of relevant third-party advice and assessments can support transparency and informed scrutiny without requiring a formal verification requirement to be applied to all major capex projects. Our view is that requiring the disclosure of existing independent third-party reports is a more proportionate approach to enhancing transparency. The requirement will provide interested persons with greater visibility of the analysis, assumptions and considerations underpinning major capex. It will also avoid the costs and administrative burden associated with requiring airports to obtain additional assurance.
- 2.123 We acknowledge ACI's concern regarding the drafting of the determination may be broader than the policy intent described in the reasons paper. However, we have decided to retain the original drafting of the ID determination. In our view, the requirement to disclose "*any third-party reports held by an airport verifying, supporting or commenting on*" a major capex project is intended to capture all substantive reports that are relevant to, and relied on in, the development, assessment, or decision-making for the project, including reports containing either favourable or unfavourable findings. However, the requirement is intended to apply only to reports that are directly relevant to the project and have informed the airport's considerations, and is not intended to extend to minor, informal, administrative, or purely advisory documents that do not constitute substantive third-party analysis.
- 2.124 Many of the matters raised by submitters including project need, planning assumptions, options analysis, delivery risks, service outcomes and expected consumer benefit, are intended to be addressed through the business case report requirements. These requirements provide stakeholders with greater visibility of the rationale for major capex investments and their expected impacts. Independent assurance or peer review reports serve a different purpose. They provide an additional perspective on certain aspect of a project's development and assessment but are not a substitute for the information disclosed through the underlying business case report.

- 2.125 We acknowledge the concerns raised by NZ Airports and AIAL regarding the potential disclosure of commercially sensitive information contained in independent assurance or peer review reports. We consider that airports are well placed to identify and manage genuinely commercially sensitive information within the existing information disclosure framework.
- 2.126 Airports may redact commercially sensitive information where appropriate, provided they clearly explain the basis of any redactions. Accordingly, we do not consider that limiting disclosure of these reports to the Commission only would achieve the transparency objectives of the ID regime. Subject to appropriate redactions, public disclosures of independent assurance or peer review reports will enable interested persons to better understand the information relied upon by airports in making major investment decisions and support more effective scrutiny of significant capex projects.
- 2.127 On balance, we remain satisfied that requiring airports to disclose existing independent assurance reports strikes an appropriate balance between enhancing transparency and maintaining a proportionate regulatory framework. The requirement will increase the information available to interested persons and support more informed scrutiny of major capex projects. At the same time, it avoids the additional costs and complexity associated with a mandatory independent verification regime.

Other proposed amendments

Final decision 3: Additional tax information disclosures in pricing templates to support profitability analysis

Our final decision is to introduce a new disclosure requirement in Schedule 19, through the addition of 19(viii): Forecast tax values (applicable to price setting). Our final decision is unchanged from the draft decision.

This new line item would require airports to disclose the opening tax value of assets, together with five-year forecasts of changes in asset tax values, including depreciation, disposals, additions, transfers to and from the unregulated asset base, and other adjustments.

- 2.128 As part of our review of airport price-setting events, we publish profitability analysis of each airport's expected returns and forward-looking financial performance. This analysis includes modelling that relies on information about airport asset tax values, including the opening tax value of assets and forecast adjustments to those values, such as depreciation and asset additions.

- 2.129 Historically, we have requested this information from airports to support our profitability analysis.⁸⁸ Airports have been willing and able to provide such information. Our final decision requires this information be disclosed as part of the post-price-setting disclosures, as set out in clause 2.5 of the ID Determination. This amendment also introduces proposed definitions for forecast tax value adjustments under clause 1.4 of the ID Determination.
- 2.130 The disclosure of this information better promotes the purpose of ID as it assists interested persons in assessing whether the purpose of Part 4 is being met by allowing more informed scrutiny of pricing decisions to assess whether airports are limited in their ability to extract excessive profits. It has the additional benefit of enabling stakeholders to better replicate our profitability analysis.
- 2.131 Airports are required to first disclose this information in the pricing schedule disclosures following the next price-setting event, in accordance with clause 2.5 of the ID Determination.

Submissions

- 2.132 Submitters were broadly supportive of the proposed amendment for additional tax information disclosures.
- 2.133 While supporting the amendment, Air New Zealand also recommended requiring forecast capex, depreciation, and the additional tax information to be disclosed by asset category, consistent with the current treatment of revaluation under schedule 18. Air New Zealand considered this would enable interested persons to more reliably replicate our profitability analysis.⁸⁹
- 2.134 ACI, did not oppose the amendment to introducing new ID disclosure requirements. However, they submitted:

*ACI ask only that the Commission: (i) retain the aggregated basis it proposes, rather than reverting to the more granular disaggregated-by-asset-group basis previously requested, consistent with proportionality; (ii) confirm the definitions of the forecast tax-value adjustment prospectively from the next PSE, as the draft contemplates. On that basis, ACI supports draft decision 3 as a proportionate, analysis-enabling changes.”*⁹⁰

Assessment

- 2.135 While this information is considered in the profitability analysis undertaken as part of our review of airports PSEs, the analysis relies on aggregated values. Accordingly, a more granular level of disaggregation is not required for the purpose of the profitability analysis.

⁸⁸ This information was requested on a disaggregated basis by major asset groups. The proposed amendment would instead require disclosure of aggregated tax values.

⁸⁹ [Air NZ submission](#), pg 3.

⁹⁰ [ACI submission](#), pg 9-10.

- 2.136 Requiring this information would also increase compliance costs for the airports without a corresponding improvement in our ability to undertake its analysis. We consider that retaining the existing aggregated disclosure requirements remains the more proportionate approach. This is consistent with the submitter's views.
- 2.137 The definitions for the forecast tax-value adjustments are consistent with the IMs, providing greater certainty for compliance and reporting purposes.
- 2.138 Consistent with the draft decision, disclosure of this information is required from the next PSE. We consider this approach provides clarity for the future reporting while avoiding unnecessary implementation costs.

Final decision 4: Update to debt leverage assumption in Schedule 3b(iv)

Our final decision is to require airports to manually disclose the debt leverage assumption value, as specified in the IMs, in Schedule 3b(iv): Deductible Interest and Interest Tax Shield. This decision remains unchanged from the draft decision.

- 2.139 As part of the 2023 IM review, we updated the airport debt leverage assumption from 19% to 23%, with the final decision published on 13 December 2023.⁹¹ We are now proposing further changes to this value through the targeted amendments to the Cost of Capital Input Methodologies for Airports, equity beta and leverage project. These proposed amendments include changing the leverage assumption from the current 23%.⁹²
- 2.140 Our final decision intends to avoid the need to update the ID requirements each time the airport IM debt leverage assumption is amended. To support this approach, we propose to define the debt leverage assumption in the ID Determination by direct reference to the relevant IM clause where the value is specified, clause 5.2(1), rather than hard coding a numerical value in schedule 3b(iv). This amendment reduces regulatory burden while maintaining the effectiveness of the ID regime.
- 2.141 This amendment comes into effect when the final decisions of this ID amendment project are published and apply to any disclosures published after that date.

Submissions

- 2.142 Submitters were broadly supportive of the proposed amendment in the draft decision.

⁹¹ Commerce Commission. [Cost of capital topic paper, Part 4 Input Methodologies Review 2023 – Final Decision](#) (13 December 2023), para 5.5, pg 198.

⁹² Commerce Commission. [Targeted amendments to the Cost of Capital Input Methodologies for Airports – equity beta and related parameters](#) (19 May 2026).

2.143 ACI supported replacing the hard-coded debt leverage assumption in Schedule 3b(iv) with the value specified in the IM determination. ACI submitted this approach would reduce the risk of inconsistencies between IMs and the ID determination by ensuring the debt leverage assumption remains aligned across both frameworks. It also considered that directly referencing the IM would avoid future consequential amendments and ensure ID requirements automatically align with the debt leverage assumption in the IM determinations. ACI also sought confirmation that this amendment is a drafting change only and does not endorse any particular debt leverage assumption including any value that may be under consideration as part of the targeted amendment to the Cost of Capital IMs.⁹³

Assessment

2.144 The purpose of this amendment is to ensure the ID requirements automatically reflect the debt leverage assumption specified in the IM determination. The amendment does not endorse, predetermine or otherwise express a view on any particular debt leverage assumption or value that may be considered through separate IM review processes. We consider that this approach reduces the risk of inconsistencies arising from the ID determination and the IMs, avoid the need for consequential amendment when the debt leverage assumption changes over time, and promotes a more efficient and enduring regulatory framework. This amendment reduces regulatory burden, it improves the consistency and administrability of the ID requirements without detrimentally affecting the purpose of the ID regime.

⁹³ [ACI submission](#), pg 10.