



19 February 2026

Commerce Commission of New Zealand
Wellington

By email: infrastructure.regulation@comcom.govt.nz

RE: Qantas Group submission to the Commerce Commission of New Zealand Changes to Airport Information Disclosure Process and Issues Paper 2026

The Qantas Group (**QAG**) welcomes the opportunity to provide feedback to the Commerce Commission of New Zealand (**NZCC**) on Changes to Airport Information Disclosure 2026. QAG supports NZCC's objective to deliver better oversight on major capital investments, improve investment efficiency and resolving disputes more effectively.

QAG supports the Commission's view that additional information disclosure requirements for decision-making on major capex are essential. Under the current regime, there is no ability for airline customers to decline significant capex proposals and no formal mechanisms to resolve disputes on pricing or capex programs. It is critical to ensure that updated regulatory requirements and processes are in place before PSE5 discussions for Auckland commence.

Auckland International Airport's (**AIAL**) recent FY25 Information Disclosure highlights the shortcomings of the current regime. AIAL is running more than 50% behind in assets commissioned, meaning airlines are paying for approximately \$875m in assets not yet commissioned. Forecast capex of \$1.1bn and \$1.2bn in FY26 and FY27 respectively implies a significant acceleration from current capital expenditure rates. However, current disclosures provide no visibility into delivery phasing, project-level progress, or demand assumptions underpinning capital plans.

The use of unreliable passenger forecasts by airports to justify capital expenditure plans raises questions about whether capex programmes are appropriately sized. The interaction between underspend, forecast assumptions and reported returns also raises questions about the transparency of IRR outcomes across pricing periods - reinforcing the need for more granular, project-level disclosure on an ongoing basis.

QAG supports the scope of this review and the introduction of independent verification as identified by NZCC. In addition to the three focus areas identified by the Commission, QAG highlights the following overarching issues:

1. **Definition of major capex** - the thresholds that trigger enhanced disclosure must be set appropriately to capture significant programmes early.
2. **Independent verifier role** - clarity is needed on the scope, mandate and independence of any verification function.
3. **Unreliable demand forecasting** - passenger forecasts in the BBM have materially underperformed, affecting the rationale for capex investment which ultimately drives unjustified price increases.
4. **Disclosure across the project lifecycle** - current requirements do not provide for ongoing disclosure through delivery, commissioning and post-completion phases.

QAG notes that this review applies only to currently regulated airports, however, major capital programmes are also underway at other airports. Queenstown Airport Corporation (QAC) is progressing significant investment including terminal expansion, and its trans-Tasman capacity is now similar to Christchurch. As this airport grows in scale and complexity, the case for broader regulatory coverage strengthens and its exclusion from the regulatory regime appears more arbitrary.

QAG wholly supports the Information Disclosure Review by NZCC. Notwithstanding this, it remains important to note that targeted amendments to the Commerce Act are required to ensure an effective regulatory backstop exists.

Our response below addresses the questions outlined in the paper NZCC published on 20 January 2026.

Yours sincerely,



Andre Neilson
Head of Finance and International



1. Key issues

A. Timing misalignment

Q1. In your view, how does the timing misalignment between airport decisions on major capex and our PSE reviews affect the effectiveness of the regulatory regime?

The current requirements for capital review occur with the price setting events every five years and this does not allow for prompt response to emerging issues. Often major capex falls outside of the PSE consultation window. Although discussions on some major capex may commence earlier, there is a lack of formal structure to generate useful outcomes to inform pricing.

In addition, early discussions may contain market-sensitive data and information relevant to an airport's master planning and are often covered by broad non-disclosure agreements. The scope and restrictiveness of non-disclosure agreements vary across airports however generally they significantly limit the ability of airport customers to engage in meaningful consultation and airlines are prevented from discussing even safety elements of major capex proposals with other substantial customers, NZCC, or other affected stakeholders such as Airways New Zealand. This creates asymmetry of information and prevents comprehensive scrutiny of proposals that have long-term consequences for consumers. On one view, the obligation to consult under the Civil Aviation Act (**CAA**) is absolute and an airport should never be entitled to refuse to consult on the basis that a substantial customer refuses to accept the terms of the airport's proposed non-disclosure agreement. Clarity on that issue would be helpful.

Consultation on major capital plans should occur prior to funds being committed, enabling an informed assessment and discussions to explore more cost-efficient alternatives. For example, AIAL decided to invest \$1.3bn prior to commencement of PSE4 pricing consultation. This resulted in the limited ability to change capital plans as part of the consultation and left regulators with a decision between adversely impacting investors or passing those costs on to airlines and their customers.

The current system does not consider forward-implications across more than one pricing period, neither can the regulator question or provide binding guidance across multiple periods. There is effectively no continuity of regulation through airport lifecycles, and regulation occurs within short periods with minimal deterrent.

Timing misalignment also creates opportunities for airports to influence disclosed returns through the phasing of cashflows across pricing periods. IRR is inherently sensitive to the timing of cash inflows and outflows, and an airport has significant discretion over when capex is incurred, when assets enter the RAB, and when cost recovery begins.

As NZCC notes, specific capex projects are often approved during pricing periods with no single date that covers all aspects of planning, and some decisions may already be

underway with funds committed by the time of a PSE review. This means the is assessing profitability based on a snapshot that may not reflect the assumptions or expected returns at the point the investment decision was actually made.

By shifting expenditure and revenue recognition across PSE periods, an airport can present returns at any individual review that appear reasonable, while the true project-level returns over the life of the investment may be materially different.

This underscores the need for early, project-level disclosure of major capex with transparent cashflow assumptions, rather than relying solely on portfolio-level profitability assessments at five-yearly intervals.

B. Limitations with current information disclosed

Q2. What other problems, besides limiting the ability to fully assess airports' major investment decisions, are presented by the current scope of information disclosures?

Beyond limitations in assessing major capex decisions, the current scope of information disclosures presents the following problems:

1. Insufficient transparency on cost allocation between aeronautical and non-aeronautical activities, particularly for shared-use assets such as integrated terminals.
2. No requirement to disclose demand forecasting methodology or assumptions, preventing meaningful scrutiny of the investment rationale underpinning major capex.
3. Absence of lifecycle disclosure requirements, meaning there is no ongoing accountability for delivery performance, cost overruns, or post-completion outcomes.
4. Limited visibility on actual versus forecast capex delivery, which obscures the relationship between charges being levied and assets being delivered to consumers.

Cost allocation transparency

Terminal developments serve both aeronautical and non-aeronautical purposes, yet airports are not required to disclose how capital costs are allocated between the two. Where a disproportionate share is allocated to the aeronautical RAB, airline customers may be cross-subsidising commercial activities that generate significant unregulated revenue. This is particularly relevant for Auckland Airport's integrated domestic terminal, where the split between aeronautical and commercial functions directly determines the charges recovered from airlines. More granular disclosure of cost allocation methodology is essential to assess whether charges reflect a fair attribution of costs consistent with the Part 4 purpose.

Demand forecasting methodology

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.

Lifecycle disclosure

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. As noted in our introduction, AIAL is currently more than 50% behind on asset commissioning, with airlines paying charges based on approximately \$875 million in assets not yet delivered. Regular lifecycle Information Disclosure covering delivery milestones, cost tracking, and scope changes would address this accountability gap.

Actual versus forecast capex delivery

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.

C. Absence of mechanisms to resolve disputes

Q3. Do you consider disagreements on major capex between airports and their substantial customers a problem?

Yes, a disagreement on major capex is considered a substantial issue as demonstrated in PSE4 and its impact on capacity growth. Capital investments are recovered through passenger charges, increasing the cost to travel for our customers and thus potentially impacting demand. Significant increase in capex forms a major constraint to an airlines' capacity growth with increased pressure on operating cost.

As highlighted in our submission to Ministry of Business, Innovation & Employment (**MBIE**) in May 2025, the current regulatory regime is not fulfilling the objectives laid out in Section 52A of the Commerce Act to promote long-term benefit of consumers. Currently Airports are not incentivised to deliver affordable investment programs to adhere to consumers' needs.

There remain opportunities for airports to pursue inefficient investment or expansion, and to extract excessive profits, despite being challenged by airlines on the necessity and/or timing of such investment. This increases costs to consumers, reduces traffic and connectivity, and results in lost economic and development benefits that effective regulation should deliver.

2. Potential ways to address the issues

A. Timing misalignment

Q4. At what time should additional disclosures be made on capex decisions to best promote efficient outcomes including better supporting the consultation process?

Additional disclosures, including costs and benefits, should be presented by airports during masterplan and commencement of consultation/design; and may be updated when material changes eventuate throughout the project delivery lifecycle. This should not be tied to a regulatory cycle and should follow through with the cycle of a project starting from commencement, regardless of pricing period. It is critical that this occurs at each major milestone of the project, such as masterplan and commencement of consultation/design.

When determining whether a capex decision ought to be covered by any updated regulatory process, it is important to consider that infrastructure varies significantly between airports and “major capex” needs to be defined appropriately. Due to those variations, the trigger for additional disclosure should be set as a range between a fixed dollar investment threshold and a percentage increase on prior period’s regulated asset base (**RAB**).

Q5. Is it appropriate to ‘split up’ capex disclosures and price setting disclosures?

(a) Capex disclosure on Major Capex

Early, standalone capex disclosure is essential precisely because the timing of major investment decisions does not align with the five-yearly PSE cycle. Waiting until a PSE to disclose and scrutinise major capex means that by the time NZCC and airlines see the full picture, funds may already be committed and design decisions locked in. 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.

(b) Capex disclosures in Price setting consultation

This does not mean capex should be absent from PSE disclosures. When an airport sets prices, the capex programme and its pricing implications must be disclosed together to enable assessment of profitability, WACC, and the overall price-quality package.

The approach QAG supports is therefore a two-stage process:

- First, there should be early standalone disclosure when a major capex proposal is being developed and consulted on and at any major stage gate prior to the next price setting period such as project design; and.
- Second, there should be full integration of that capex into the PSE disclosure when prices are set. The two stages are complementary, not alternatives.

Q6. What other ways could we improve the current timing misalignment?

Timing misalignment can also be improved through having cost recoverability discussions before a commitment is made to the capex spend and at each stage of a project update. Where appropriate, the timing of cost recoverability discussions could also be decided by the independent verifier.

B. Limitations with current information disclosed

Q7. How do you consider the additional information requirements above would enhance the decision-making process for major capex projects?

Q8. What information may better support the consultation process between airports and their substantial customers on major capex proposals?

The additional information identified by NZCC will support a more informed consultation process.

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.

We agree that information on cost allocation including the proposed future allocation with the additional assets should be made available, as this underpins fair decision-making, financial accuracy as well as accountability. This includes assumptions on discount rate and asset life assumptions.

We agree that there should be a disclosure of service levels targeted by proposed investments, including how airport has responded to stakeholder submissions, the extent of independent verification and audit, and the extent of consultation and agreement with consumers. This will demonstrate that the investment decisions made are justifiable, efficient and aligned with consumers' needs. The disclosure should also include alternatives identified and explored and the rationale behind why it was not being rejected/excluded - especially where alternatives drive capital efficiency. It is important to recognise that the airlines manage the relationship with, interact with and tend to better understand the expectations of their customers than the airports. There is a risk that those expectations can be masked or overwhelmed by the interests of airports and their investors.

Additional information that will better support major capital decisions during the consultation process includes planning assumptions, data sheet illustrating the rationale of the project, and the business case.

Planning assumptions covering demand, service levels, cost, delivery, operations, regulation, and risk are required to assess whether a capital investment is necessary,

appropriately sized, affordable, deliverable, and capable of providing value to users over its full lifecycle.

Additional information on planning assumptions that will better support the consultation on major capex include:

1. Capacity/passenger forecasts, to demonstrate that the necessity and right-size of an investment;
2. scope and detailed designs, provides clarity on the spend towards measurable outcomes and build (i.e. size, technology, customer experience);
3. project phasing and staging, illustrating when benefits are expected to be delivered and costs to be incurred;
4. assumptions on operating cost and maintenance, ensuring that the investment is sustainable beyond initial construction (e.g. incremental operating cost, staffing, maintenance and lifecycle renewal costs, utilities, technology support and upgrades); and
5. risk and scenario assumptions, justifying the robustness of the investment under uncertainty such as sensitivity analysis to key variables like cost, timing and usage.

Q9. Please comment on the desirability and/or scope for an independent verification report for major capex projects.

QAG supports NZCC's intent to introduce an independent.

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.

The NZCC may also leverage on information disclosures and advice from independent verifier to inform and strengthen its regulatory approach.

Overall QAG sees an independent verifier as one who is wholly independent of the airport company and ideally contracted directly by NZCC where guidance provided is free from management influence. We have included some recommendations as detailed in Appendix A.

Q10. At what stage of the decision-making process would independent verification add the most value?

Independent verification may not be required during masterplan. However, access to independent verification is essential at project commencement (i.e. definition and consultation), as well as project design.

During project consultation leading to construction and implementation - unless the program is delivered to a pre-agreed budget and outcome - an independent verifier should:

- (a) provide guidance on recoverability;
- (b) review the reasonableness of spend during value-engineering at key milestones; and
- (c) ensure the accuracy and transparency in reporting and updates provided to airlines on cost recoveries.

Q11. How might expert reports that are generated in the Airport's development or consultation processes be re-purposed to give stakeholder confidence in the decision-making process?

Expert reports generated by airports provide limited value and can appear conflicted because professional consultants are engaged and remunerated directly by the Airport where analysis are guided by scope and assumptions set by the Airport. The expert reports are therefore often perceived as less independent even when analysts adhere to professional standards, as findings typically support the airport's preferred outcome and lacks consideration on concerns that matter the most to external stakeholders such as customer outcomes, cost efficiency, environmental effects, or alternate options.

Expert reports may provide better assurance by strengthening independence and transparency through incorporating external peer review, broadening stakeholder input into the scope of expert analysis and sharing of underlying assumptions and methodologies used in expert reports with stakeholders.

C. Absence of mechanisms to resolve disputes

Q12. How could ID changes most effectively reduce the likelihood of significant capex disputes?

QAG considers that well-designed ID requirements can materially reduce the likelihood of significant capex disputes by addressing the information asymmetries that are typically at the root of disagreement.

The most effective ID changes would:

1. Require airports to disclose and respond to airline feedback on the record, creating a transparent consultation trail that narrows the scope for disagreement.
2. Mandate disclosure of alternatives considered - including those proposed by airlines - with documented rationale for why they were accepted or rejected.
3. Require independent verification of disputed assumptions at the point of disagreement, rather than only at completion of the capex planning process.
4. Establish a clear obligation for airports to disclose, in a standardised format, the areas where agreement has and has not been reached with substantial customers - making the nature and extent of any dispute visible to the Commission and stakeholders.

Transparent consultation trail

A significant source of dispute is the perception - often well-founded - that airline feedback during consultation is received but not meaningfully considered. If airports were required to disclose the submissions received from substantial customers and provide a written response explaining how each material point was addressed or why it was not accepted, the consultation process would carry greater accountability. This does not give airlines a veto - the investment decision still rests with the airport - but it ensures the airport's decision making is transparent.

Disclosure of alternatives including airline proposals

Disputes frequently arise where airlines believe a more cost-efficient alternative exists but has been dismissed without adequate explanation. Requiring airports to disclose all material alternatives considered - including those put forward by airlines - with a documented rationale for exclusion, would force more rigorous option evaluation and reduce the scope for disagreement on whether the preferred option represents efficient investment.

Independent verification at the point of disagreement

Rather than independent verification occurring only as a final assurance step, NZCC should consider the ability for verification to be triggered when disagreement between the airport and a substantial customer on a major capex proposal has remained unresolved following consultation. At that point, an independent verifier could assess the reasonableness of the contested assumptions - such as demand forecasts, cost estimates, or scope decisions - and publish findings. This would not constitute binding arbitration, but a published, independent view on disputed matters would significantly narrow the range of disagreement and create a strong incentive for both parties to engage constructively.

Q13. Should the s 232 (2) consultation requirement in the CAA consider the Commission a "relevant government agency" for the purpose of consultation on spatial plans?

Yes. QAG strongly supports NZCC being recognised as a relevant government agency for the purpose of spatial plan consultation under section 232(2) of the Civil Aviation Act 2023.

Spatial plans set the long-term development framework from which individual major capex projects emerge. If NZCC only encounters these projects at PSE disclosure - or later - its ability to influence outcomes is significantly diminished. Including NZCC in spatial plan consultation addresses the timing misalignment problem identified in this review at its source, giving NZCC early visibility into the scale, sequencing, and strategic rationale for planned development well before those plans translate into specific capital proposals and pricing impacts. This is particularly relevant where spatial plans contemplate development spanning multiple PSE periods - a scenario NZCC has identified as beyond the focus of current ID settings.

Importantly, this would impose no additional regulatory cost. The consultation mechanism already exists in the CAA - it simply requires NZCC to be included as a consultee. It would also create a natural linkage between an airport's spatial plan and the enhanced ID

requirements being considered in this review, ensuring that major capex disclosures can be assessed against the strategic context in which investments were conceived rather than evaluated in isolation. Given NZCC's central role in regulating airport pricing and investment outcomes, its exclusion from spatial plan consultation is a gap that should be closed.

Appendix A

Recommendations on scope for an independent verification report for major capex projects may include:

Recommendation	Objective
Verification of key assumptions underpinning major capex projects.	<ul style="list-style-type: none">- ensure that assumptions are reasonable- ensure consistency of assumptions with historical data and benchmarks (i.e. demand/capacity, delivery inputs, etc)
Review of capital cost estimates and financial modelling.	<ul style="list-style-type: none">- ensure fair assessment in methodology applied in estimates (including contingency and escalation assumptions),- ensure that a capital proposal is cost effective and efficient, where the verifier needs to be equipped with the right level of resources to inform the efficiency on engineering and architectural designs, and- ensure reasonableness in application of WACC, discount rates, asset life, asset depreciation and staging/phasing.
Assessment on efficiency and prudence of the project.	<ul style="list-style-type: none">- ensure that capital proposal meets expenditure objective,- ensure that alternative options have been meaningfully considered, and reasons are documented supporting the rejection of the alternative, and- ensure timing and delivery of project is justifiable given demand and risk.
Review of stakeholder consultation and responses.	<ul style="list-style-type: none">- ensure timely and structured consultation,- ensure that feedback submitted were appropriately considered, and- ensure that responses are transparent and evidence based.
Ability to introduce mechanisms to minimise conflict.	<ul style="list-style-type: none">- enable a collaborative and effective discussion through consultation, and- reduce occurrences of dispute.