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Wellington International Airport Limited - Submission on Airport Information Disclosure Amendment 2026

Wellington Airport remains of the view that the proposed changes to information disclosure are unnecessary and add to the regulatory burden for airports. However, we acknowledge the Commission has attempted a middle-ground approach, excluding more burdensome requirements like asset management plans and additional independent verification. We support the Commission's 20% threshold, which captures only major, transformative projects for further scrutiny.

We are concerned the Commission has not adequately thought through the practicalities of its approach. Our key concerns relate to:

- Timing, and the Commission's ability to meaningfully engage with disclosed material prior to capex being finalised;
- Cost benefit analysis, which attempts to shoehorn airport planning into a form of analysis better suited for the public sector, and complicates decision making by introducing new and irrelevant considerations.

Regulatory framework

Purpose of Part 4

At paragraph 1.2 the Commission notes the purposes of Part 4. As with several recent consultations, the Commission appears to have focused unduly on the third and fourth purposes (lower prices and limited profits) without a balancing consideration of the first two purposes.

Section 52A requires the Commission to consider the purpose of Part 4 as a whole, including incentives to innovate and invest in replacement, upgraded, and new assets. A disclosure obligation that increases cost, delays consultation, or creates a practical risk of regulatory influence over investment decisions must be justified against those investment incentives, not treated as a neutral transparency measure.

Whenever the Commission is proposing a new regulatory impost, it must consider the impact of over-regulation on investment. The Commission's proposal for capex disclosures certainly provides another burden and barrier to investment, and we are particularly concerned about the Commission's earlier characterisation that it would like to more strongly "influence" project outcomes. There is an inverse correlation between regulatory and government "influence" over a project and its likelihood to go ahead.

The disincentive effect of the current proposal is probably marginal, but taken together with other moves by the Commission in recent years it is serious. As the benefits of this proposal are also marginal, the effects must be weighed together.

Sufficient information

The Commission has not made comment on what it believes to be "sufficient" information, or why the current information supplied is insufficient. We expect this to be explored more thoroughly and a sufficiency problem identified before moving to greater regulation.

The Commission should identify the specific gap it says exists under the current regime and explain why that gap cannot be addressed through existing disclosures, airline consultation materials, voluntary provision of information, or the Commission's own summary and analysis process. It is not enough to rely on the existence of disagreements between airports and airlines. Disagreement about investment cost, timing, or pricing does not establish that existing information is insufficient.

Readily available

The Commission notes at paragraph 1.9 some relevant factors in ensuring information is "readily available", being: consistent; accessible; comprehensible; and timely. We submit that information should also be "complete" and "final". "Readily available" does not mean that all information is made available all the time. There is a balance to be struck to ensure the information is actually relevant rather than a work in progress.

Purpose of the proposed Information Disclosure

Many of our concerns might be alleviated if the Commission could clarify its intentions. The draft paper refers repeatedly to ensuring "stakeholders and interested persons" have access to information. It is not clear whether the Commission's primary goal is to furnish airlines with more information during consultation, or to conduct its own analysis of disclosed information, or both. The Commission has previously referred to a desire to "influence" capital expenditure plans prior to implementation and we continue to argue this would be a wide overstep of the Commission's role in airport regulation.

We reiterate the points made in our earlier submission, that the purpose of Information Disclosure is not to reach into Civil Aviation Act consultation processes. It seems the Commission is attempting to influence airline consultations by lining up its disclosure requirements with the outset of these consultations. This is entirely inappropriate, and a clear distinction between CAA consultation and profitability disclosures should be retained for legal clarity.

Is the Commission's intention to provide airlines with more information during consultation?

By interfering with CAA processes, the Commission has moved away from the purpose of ID, which is to enable interested persons to "assess whether the Part 4 purpose is being met". The purpose is *not* to furnish "interested persons" with negotiating material during a separate statutory consultation exercise.

In any event, most of the information the Commission proposes for release is already provided to airlines (or available if requested) during WIAL's consultation on major projects. Our issue is not with releasing the information per se, but with regulatory requirements that place greater prescription on the form and detail of content, and add more disclosure obligations. This additional work and cost is not necessary and the Commission has not to date pointed to any examples of a consultation where inadequate information was supplied.

There are, however, several ways in which the proposed disclosures may be disruptive to airline consultations:

- Airlines and airports are likely to exert more energy influencing the regulator's thinking at an early stage rather than engaging in consultations in good faith before moving to disclosures;
- Airlines have shown a propensity to predict inaccurate and alarming price paths associated with capex projects; this is more likely if capex consultations and disclosures become further divorced from pricing information;
- Airlines are likely to use the benefits disclosed in CBAs to insist other parties pay for projects; for example, if there is a wider economic benefit involved in the project, airlines are likely to argue for council or government investment, moving away from established processes that recover airport investments via passenger charges.

In our view, the current proposals are another example of the Commission attempting to address conflict between airports and airlines, but actually applying more fuel to the fire instead. The Commission should cease its misguided attempts to neutralise debate, as every step it has taken so far has only served to inflame conflict and complicate consultation.

Or, is the purpose to enable the Commission to conduct analysis at an earlier stage?

Alternatively, if the purpose of these changes is to enable the Commission to run a full summary and analysis of capital expenditure projects, we find this intention misguided. The Commission already receives disclosures shortly after a price setting event, which is the appropriate time to conduct an analysis. It is far better that decisions are worked through with airlines first, and details and pricing are clear, before the Commission offers a view.

We agree in principle with the Commission that the timing of disclosures needs to be close enough to the actual investment decision, to be relevant and not subject to change. However, we disagree with the Commission's assessment that projects are "less likely to change substantially" at the time of a consultation opening. By definition, projects are subject to change at this point as airline views must be taken into account. It is not unusual for projects to change substantially between an initial pricing proposal and final pricing.

For example, in 2019, WIAL's capex consultation for PSE4 included $541 million total capex including $320 million for Master Plan works (new terminal and expanded apron). In final pricing total capex was reduced to $299.1m with no terminal build and significantly reduced apron works. Any analysis conducted by the Commission on the consultation draft would have been pointless.

This illustrates a fundamental risk with the Commission's proposal. Early disclosure may appear to improve transparency, but in practice it may create false precision around proposals that are expressly subject to consultation, pricing work, Board consideration, and stakeholder feedback. Disclosure at that stage is not merely incomplete, it may be misleading if later treated as a stable basis for regulatory analysis or stakeholder positioning. At worst, it may disincentivise airports from adjusting proposals if this were to trigger another round of disclosure and analysis.

Accordingly, we remain unconvinced of the value of the Commission analysing a project that is not final, not priced, and subject to stakeholder feedback.

Of course, if the Commission desires information and updates during pricing consultations in order to better understand proposals and prepare for pricing disclosures, WIAL is happy to continue our current practice of providing voluntary updates and information to the Commission as consultation progresses.

Timing

As noted in our earlier submission, Wellington Airport aligns capital expenditure consultation with price setting consultation and RASU consultation. For PSE6, the timeline has not been finalised, but a hypothetical timeline might be:

- Throughout 2027, early workshops on significant projects (terminal build)
- May 2028 Board decision to proceed with airline consultation
- May 2028 Initial Pricing Proposal sent to airlines, RASU consultation sent to government agencies
- **May 2028 *Capital expenditure disclosures released***
- July 2028 Initial Pricing Proposal and RASU feedback due
- September 2028 Board decision to proceed with Revised Proposal consultation
- **October 2028 *Capital expenditure disclosures released***
- October 2028 Revised Pricing Proposal to airlines, RASU finalised
- December 2028 Revised Pricing Proposal feedback due
- March 2029 final prices published

Our concerns with this timetable are:

First, capital expenditure disclosures add a significant regulatory burden at an already busy time. While navigating Board decisions and finalising pricing models and consultation documents, simultaneously developing and releasing disclosures within the same two-week period will be arduous. WIAL has a small team focused on consultation and disclosures, consisting of one executive and one financial analyst. Any argument to add complexity during our busiest period needs to be well justified and add value.

Second, we expect proposals may change significantly between IPP and RPP stage, as we take airline feedback into account. Presumably, this would trigger a new disclosure obligation for the revised project, which again would add a burden during an already crowded timetable.

Third, we question the Commission's ability to produce any reasoned analysis within the required timeframes. In order to helpfully inform decision making (if that is the Commission's intention), feedback from the Commission would be required on the same timetable as airline feedback, i.e. within 6 weeks of release, at both IPP and RPP stage.

Fourth, we do not believe it is actually within the Commission's capability to provide analysis or feedback in such a short timeframe.[1] Therefore, one of three things may happen:

[1] For reference, the Commission's recent timeframes for analysis have been:

AIAL PSE4 – Final report 31 March 2025, 487 days after its Process and issues paper was released, and 592 days after disclosures.

WIAL PSE5 – Final report 29 Sept 2025, 116 days after its Consultation paper was published, and 510 days after disclosures.

CIAL PSE4 – Final report 25 Jan 2024, 121 days after its Consultation paper was published, and 404 days after disclosures.

- The Commission provides rushed and poorly formed analysis in order to meet timeframes during consultation;
- The Commission publishes some form of report in late 2028 or early 2029, right as prices are being finalised. It does not need to be said this would be utterly unhelpful, and also far too late to have any value in informing decisions;
- The most likely scenario is that the Commission publishes its view after pricing, which calls into question why the earlier disclosures were needed in the first place.

In order for us to be comfortable with the proposed timing, we need the Commission to confirm either:
- Its intention not to provide summary & analysis of capex disclosures, but rather to hold the information to inform its later pricing review; or
- Its ability and capacity to provide well-informed reports in alignment with airline feedback (i.e. within six weeks of disclosure), in order to work with existing processes.

Longer consultation processes to allow for the Commission to provide feedback are not possible. Consultations occur as closely as possible to the commencement of the pricing period, in order for pricing information and cost estimates to be as up to date as possible when they are locked in.

For the same reason, as already identified by the Commission, it is not practical to require disclosures earlier in the process before proposals have been fully formed.

We suggest this leaves the Commission in a bind, where the purpose of disclosures and what the Commission will do with them remains completely unclear.

To be clear, WIAL is not suggesting the Commission improve its resourcing and increase levies. Rather, we are suggesting the Commission should be mindful of its current level of resource when developing proposals that will add work for the Commission itself.

Content: issues with Cost Benefit Analysis

Wellington Airport objects to further disclosures on the basis they are unnecessary. However, if additional disclosures must exist, we are comfortable enough with the Commission's proposals in the following areas. This information exists and is provided to airlines anyway:

- Levels of Service (where relevant): this is already considered and discussed as part of terminal planning and airline consultation. The Commission should clarify the types of projects where it expects LoS to be a relevant factor.
- Cost and asset allocation: as WIAL aligns capex consultation with pricing consultation, this information is already made available.
- Existing independent assurance / peer review: we are much more comfortable with this proposal than adding a new layer of independent verification, and acknowledge the Commission has attempted a middle-ground approach.

Our major concern is with the Cost Benefit Analysis proposal, which fits awkwardly with commercial decision making processes.

Disclosure of costs and benefits already exists

At para 2.37, the Commission states:

> *Airports have indicated that they undertake some level of cost-benefit analysis when planning capex projects. However, there is no transparency on how this is done since such information is currently internal to an airport. To assess whether the airport is investing efficiently, interested persons may need to know what assumptions were made, what options were considered, whether the project was prudently costed and how the project benefits were measured.*

While we do not disagree, we note all of these matters are covered by existing disclosure obligations.

CBAs are better suited for public sector analysis

Cost benefit analysis is a tool designed for public sector use. It enables decision makers to prioritise and allocate projects over a wide-ranging portfolio (for example, deciding which roads to fund or whether a hospital project should go ahead). It enables governments to rank spend against wide economic benefits – a government or council may choose to fund a project for public good purposes, rather than because it yields a return on its own.

Regulated airports are private commercial businesses and do not approach decision making in the same way. Public good (and public disbenefits) are not usually central to airport capex. This means traditional business cases vs cost-benefit analyses may yield a completely different answer to the question, "is this a valuable project and should it go ahead?". A traditional cost-benefit analysis assesses the effect of a proposal on the economic wellbeing of the community; that is, it estimates the adverse economic effects (costs) and positive economic effects (benefits), and deducts the costs from the benefits to arrive at a net benefit estimate.

We understand the Commission's interests in exploring the costs and benefits of a project. Obviously, insofar as costs and benefits are relevant, they are already outlined to airlines during consultation, as it is the airport's job to persuade airlines that projects are beneficial and to explain risks and recover costs. We are concerned that a public sector-style CBA goes beyond this and begins examining costs and benefits that are not relevant to airports or airlines. It could, for example, require an airport to consider impacts that the airport has no responsibility to manage, or that are already managed via planning requirements or other processes. The requirement for a CBA to be undertaken by a commercial entity is therefore misplaced.

A CBA may be relevant in some cases; for example, the runway extension proposed by Wellington Airport in the 2010s was not supported by an airport business case in isolation without considering wider public benefit. This led WIAL to commission independent CBAs to pursue public funding for the project. WIAL's upcoming seawall renewal is another example, where a CBA was required for resource consent. These examples demonstrate that where projects have a significant external impact or benefit/disbenefit to the public, CBAs already exist and are public.

Supported elements

WIAL supports the following elements proposed by the Commission, which are already disclosed:

- Reasons why the project is needed;
- Consumer engagement undertaken;
- Assumptions and risks;

- Total project costs;
- Comparison with alternatives.

We do not support the following:

- 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;
- A cost-benefit ratio;
- A sensitivity analysis.

Many of these matters are already considered and discussed with airlines. However, a public sector-style CBA and BCR will complicate consultation and require airports to consider matters not traditionally considered in business case development. Insofar as benefits and costs are relevant, they will naturally form a part of consultation; but wider public benefits are not typically a focal point in airline discussions (naturally, airlines are not interested in funding public good projects that do not stand on their own commercially). We disagree with the Commission's judgement that this form of analysis already exists; rather, this would be a new and unhelpful impost in most cases.

Cost

WIAL has explored initial cost estimates with a range of economists who indicate the cost-benefit exercise proposed by the Commission could cost in the range of $150,000-200,000 or more (additional to existing costs), depending on the complexity of the project and the number of sensitivities to be analysed. This is a significant addition to consultation and disclosure costs, which ultimately are recovered from airline customers.

Other proposed amendments

WIAL is comfortable with the proposed disclosure of additional tax information and leverage assumptions proposed in the paper.

Please contact me if there are any questions regarding this submission.

Kind regards

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