

28 July 2022

Adam van Lohuizen  
Head of Economic Regulation and Pricing  
Auckland Airport  
PO Box 73020  
Manukau 2150

By email only: [REDACTED]

Dear Adam

**Exemption request response – Exemption for Auckland International Airport Limited information disclosure for the price setting disclosure due 1 August 2022**

1. We refer to your letter of 17 March 2022 in which you requested the Commerce Commission (the Commission) grant Auckland International Airport Limited (Auckland Airport) an exemption from disclosing certain information as required by clause 2.5(1) of the Airport Services Information Disclosure Determination 2010 (the Airport ID Determination). You have requested that the Commission exempt Auckland Airport from disclosing this information until 30 August 2023.

*Auckland Airport's price setting disclosure requirements*

2. Clause 2.5(1) of the Airport ID Determination requires an airport to disclose certain information relating to its forecast total revenue requirement. This disclosure must be made either within 40 working days following a decision to fix or alter a price (which triggers a price setting event (PSE)), or within five consecutive years of the airport's previous disclosure under clause 2.5(1).
3. Auckland Airport's most recent disclosure under clause 2.5(1) was made on 1 August 2017 and it has not made a decision to fix or alter a price (which triggers a PSE) since then. Auckland Airport is therefore required to make a disclosure under clause 2.5(1) by 1 August 2022.

*Reasons for the request for exemption*

4. Auckland Airport has stated that due to the Covid-19 pandemic, passenger volumes have been well below pre-pandemic levels (particularly for international passengers) and have remained volatile as health restrictions have impacted the ability of people to travel. Auckland Airport is of the view that the forecast of demand is a key element of setting

prices, and that there is a high level of uncertainty of the pace of recovery (regarding passenger volumes) into the future, and that this materially impacts its ability to forecast demand, and thus accurately set prices.

5. Following consultation with its customers, Auckland Airport has decided that prices for the period 1 July 2022 to 30 June 2023 will remain unchanged from the prices as at 30 June 2022. Under the Airport Authorities Act 1966, Auckland Airport is required to consult with its customers in respect of its charges before they are set and within five years after setting or altering its charges. Auckland Airport has stated that it is currently engaged in a programme of consultation with its customers regarding its prices for PSE4.
6. Auckland Airport notes that a final decision on prices for PSE4 (1 July 2022 until 31 June 2027) will not be made until June 2023. When this is complete, Auckland Airport will be able to disclose its total revenue requirements for the period 1 July 2022 to 30 June 2027. We note that Auckland Airport has indicated that its target return will be determined based on input parameters as at 1 July 2022 and any over or under-payment by airport customers during the price freeze period will be washed up into the four year remainder of the PSE4 period.

*Exemption granted*

7. The Commission considers that the proposed exemption would effectively provide an extension of time for Auckland Airport to provide its pricing and associated disclosure, which is appropriate in the present circumstances.
8. This will allow Auckland Airport to publish the total revenue requirement disclosures following the completion of the pricing consultation with its customers.
9. Therefore, under clause 2.9 of the Airport ID Determination, the Commission grants Auckland Airport the following exemption for the Price Setting Event disclosure for the pricing period starting 1 July 2022.
  - 9.1. The Commission exempts Auckland Airport from the requirement under clause 2.5(1) of the Airport ID Determination to disclose, by 1 August 2022, information relating to its forecast total revenue requirement.
  - 9.2. This exemption is granted on the condition that Auckland Airport discloses the information required by clause 2.5(1) of the Airport ID Determination by 30 August 2023.
10. We note that Auckland Airport has indicated it may decide to extend the price freeze period beyond twelve months. In that event, and to avoid the exemption lapsing, Auckland Airport would need to request from the Commission an amendment to the condition on this exemption, to extend the condition's current deadline for providing the information under clause 2.5(1) by 30 August 2023. The Commission would consider such a request at the time.

*Further information*

11. This exemption may be revoked or amended in accordance with clause 2.9.1(b) of the Airport ID Determination.
12. A copy of this exemption response letter will be published on the Commission's website.
13. If you have any questions regarding this matter, please contact Ali Scholes at [infrastructure.regulation@comcom.govt.nz](mailto:infrastructure.regulation@comcom.govt.nz).

Yours sincerely

A solid black rectangular box used to redact the signature of the Associate Commissioner.

Vhari McWha  
**Associate Commissioner**