

**Market release | 25 January 2022**

## **Auckland Airport to freeze aeronautical charges for the 2023 financial year**

Auckland Airport has announced a 12-month delay in the first price reset for Price Setting Event 4 (PSE4) in response to continued uncertainty in the aviation market and to support airlines during the early phase of the COVID-recovery.

Since June 2021, Auckland Airport has been consulting with airlines on the timing of the first price reset for PSE4, which would usually be effective from 1 July 2022. PSE4 covers aeronautical prices for the 5-year period from the 2023 financial year to the 2027 financial year. During consultation, Auckland Airport proposed introducing a price freeze period where:

- prices for the 2023 financial year would be held the same as 2022 (with the possibility of extension);
- prices for the 2024 financial year onwards would be determined following airline consultation during the 2023 financial year; and
- those prices would be based on then forecast passenger volumes and set to achieve Auckland Airport's target return on aeronautical capital for the full 5-year PSE4 pricing period (in-line with the Input Methodologies specified by the Commerce Commission).

Chief Financial Officer Phil Neutze said the vast majority of airlines operating at Auckland Airport, including those represented by the Board of Airline Representatives of New Zealand (BARNZ), had responded in favour of the proposal.

"This has been an extremely challenging time for everyone in aviation, and Auckland Airport is working hard to support our airline partners while the recovery trajectory remains highly uncertain."

Mr Neutze said the only potential change to our aeronautical prices in the 2023 financial year would be an adjustment to the current \$2.00+GST charge per international and transit passenger (applying from 1 October 2021 to 30 June 2022 under the Regulatory and Requested (RRI) Policy) in order to recover additional costs incurred segregating the international terminal to enable quarantine free travel. Auckland Airport will consult with airlines prior to 30 June 2022 on the costs and revenues collected under the RRI adjustment to date, and whether a further adjustment to charges is needed under this policy in the 2023 financial year to recover costs.

## **ENDS**

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