

AIRWAYS CORPORATION OF NEW ZEALAND LIMITED

**CONSULTATION ON OUT-OF-CYCLE PRICE RESET
FOR THE PERIOD 1 FEBRUARY 2023 TO 30 JUNE 2023**

DECISION PAPER

OCTOBER 2022

About the consultation

Airways New Zealand sought feedback from our customers, stakeholders and the industry on changes to our Pricing Framework and Standard Terms and Conditions, to allow for a one-off and out-of-cycle price reset. The consultation period began on 21 September 2022 and the final day for submissions was 20 October 2022.

Our Pricing Framework allows Airways to reset prices when the forecast for the following pricing year indicates that revenue will lie outside the range of +/- 2% of the target pricing revenue in years two and three. The consultation proposed changes to the Pricing Framework and Standard Terms and Conditions to allow for the same principles to be applied for a single out-of-cycle price reset, for the period 1 February 2023 to 30 June 2023.

The proposed change was at the request of those who submitted feedback earlier in 2022 on Airways' industry consultation on our prices for our services for the period 1 August 2022 to 30 June 2025. Due to the level of uncertainty in forecasting traffic volumes at the time of setting prices, those who submitted feedback at that time requested Airways review volume forecasts six months from the new prices taking effect, to take account of changes to the operating environment and to mitigate the risk of significantly over or under forecasting volume impacts.

Submissions received

There were three responses to the consultation. All were supportive of the proposal.

Airways is committed to an open and transparent price-setting process and copies of these submissions can be found [here on Airways' website](#).

We would like to thank those who took the time to respond to the consultation and provided comments.

Decision

Airways has reviewed and considered the feedback received in coming to its decision.

Based on respondent feedback, Airways has decided to implement the proposed changes to the [Pricing Framework](#) and [Standard Terms and Conditions](#).

Next steps

Airways will now engage with customers on the reset of prices for the period 1 February 2023 to 30 June 2023, in accordance with the following process:

From 21 November 2022	Airways undertakes a traffic volume forecast for the period 1 February to 30 June 2023 based on actuals and known changes to the operating environment.
30 November 2022	Airways shares its forecast with customers and invites them to provide additional information about their schedules for Airways consideration.
7 December 2022	Deadline for additional customer information.
From 8 December 2022	Airways considers additional customer information and revises its financial forecast if necessary

31 December 2022	Airways publishes its final forecast and revised prices, along with any variation to the Airways Standard Terms & Conditions.
1 February 2023	Revised prices take effect.