



# Annual Information Disclosure

Regulatory Performance Summary  
For the year ended 30 June 2023

# Chief Executive's Report

The 2023 financial year was the first year of Auckland Airport's Price Setting Event 4 (PSE4) pricing period which commenced on 1 July 2022 and will conclude on 30 June 2027.

Connecting New Zealanders to each other and the world is something we take immense pride in. So we've been delighted to see Auckland Airport busy again, experiencing a rebound in the aviation market both domestically and internationally, and taking important steps in recovery toward pre-pandemic traffic volumes.

We are in the midst of a major re-investment in the infrastructure at Auckland Airport to set us up for the decades ahead. As travellers continue to return in substantial numbers, we are strongly committed to delivering a new, connected national gateway that does justice to our beautiful city of Auckland and meets the expectations of global visitors when they come to Aotearoa New Zealand.



## Aviation traffic recovers strongly, albeit with some turbulence

The 2023 financial year saw the strong return of our aviation business. As demand for air travel has surged globally, airlines have seen the value of rebuilding seat capacity serving Auckland Airport.

By our financial year's end (30 June 2023), total monthly passenger numbers at Auckland Airport were running at 88% of the comparative month (June 2019), prior to the pandemic.

The return of airlines to the New Zealand market tells the story.

In the 2023 financial year, we had 25 airlines flying to and from Auckland Airport to 40 destinations. On both counts, this is a near doubling from the lows of 12 airlines and

21 destinations during the toughest days of the pandemic.

It's important to acknowledge that the rapid return of aviation has not always been a smooth experience for travellers worldwide and at Auckland Airport it has been no different.

Global staffing shortages in aviation have created all kinds of challenges across the entire aviation system as activity has ramped up. In the 2023 financial year, overseas visitors to Auckland have had to cope with their luggage not arriving with them, with large numbers of mishandled bags at overseas airports, longer waiting times in queues, construction work in the arrivals hall, a deterioration in airline on time performance and generally a system struggling to maintain smooth passenger flows.



**We are in the midst of a major re-investment in the infrastructure at Auckland Airport to set us up for the decades ahead.**

Alongside the return of travel, we've experienced some of the most extreme weather New Zealand has ever seen. This caused the closure of the international terminal in January for 37 hours due to flooding after Auckland's record-breaking rainfall event, when over 200 millimetres of rain fell in a single day, on top of an already very wet month.

As recent delays in international arrivals processing shows, a problem in just one element of the airport ecosystem can have significant impacts on passengers. We continue to work hard to deliver the experience our passengers expect, and work to find solutions to address challenges as they arise.

We still have a way to go to full recovery, but we are optimistic about the future and the ongoing recovery of aviation.

### Building a better future

Growing passenger volumes have restored a welcome vibrancy to our airport precinct. They also point to the timeliness of our business strategy – Building a Better Future.

This is our comprehensive strategy to move us back on to the front foot and guide our long-term investment decisions. Prior to the pandemic, our infrastructure was stretched after a period of sustained aviation growth and we were underway on an historic terminal integration upgrade, supported by the vast majority of our airlines. The hiatus created by the pandemic is over, and it's again vital that we invest now in Auckland Airport's future. Our national gateway needs investment to ensure it remains efficient and resilient for future generations, and to support our country's future economic prosperity.

This encompasses everything from a more resilient airfield; to a new domestic terminal to be integrated into the international terminal; better roads and transport infrastructure; and utilities such as fuel infrastructure.

It is our responsibility to provide the long-term airport capacity that New Zealand needs. Underinvestment resulting in constrained airport capacity not only acts as a handbrake on economic growth, but also leads to reduced choice for passengers and less competition between airlines. This can lead to passengers paying higher air fares as demonstrated in the current market, where airfares are significantly higher as airline capacity remains below pre-pandemic levels.

The infrastructure investments we make today are the important first steps in unlocking the airport capacity of tomorrow – the long-run capacity Auckland and New Zealand will need.

### Regulatory accounts return to the first profit since the pandemic began

We posted a regulatory profit of \$59 million for FY23, with a normalised internal rate of return of 2.87% post-tax.<sup>1</sup> This return, well below the

PSE4 target return of 8.73%<sup>2</sup>, was due to our freezing of aeronautical charges for the 2023 financial year. Auckland Airport supported airlines through what was an important stage of the post-pandemic recovery with the freeze. This early-PSE4 aeronautical pricing relief was welcomed and supported by the majority of Substantial Customers during consultation.

The 2023 financial year price freeze resulted in prices that recovered aeronautical revenue for the year that was more than \$100 million lower than if a full return was targeted. This was effectively a 30% reduction on aeronautical charges to airlines in FY23. It is pleasing to see that the aviation industry has now re-established itself, with local airlines posting record profits for the 2023 financial year during which they were supported by our price freeze.

**Carrie Hurihanganui**  
Chief Executive Auckland Airport

1. The reported IRR of 3.83% has been normalised to 2.87% to exclude tax loss offsets carried forward into PSE4 from the COVID-19 ravaged PSE3 period.
2. Set consistent with the Commerce Commission's in force 2016 cost of capital Input Methodologies with all data updated as at the start of PSE4.

# Supporting airlines through the pandemic recovery

## 15.9m

Total passengers  
75% of FY19

## 165,503

Tonnes of international cargo  
87% of FY19

## 8.1m

Domestic passengers  
84% of FY19

## 25

Airlines servicing 40 international destinations and 23 NZ destinations  
29 airlines in FY19

## 7.8m

International passengers  
67% of FY19



During the 2023 financial year we welcomed back familiar airlines – along with new routes and carriers. The increase in airline activity stimulated international capacity growth, which outpaced domestic capacity increases during the year.

By financial year end (30 June 2023), international capacity was 90% of pre-COVID levels, exceeding domestic capacity recovery of 89%. However, because airline capacity is still not back at pre-pandemic levels, both international and domestic air fares are still well above pre-COVID prices.

Over the full year, domestic volumes averaged 84% against pre-COVID levels, owing to continued airline capacity constraints throughout the year, albeit domestic seat capacity recovered to 89%, with load factors remaining significantly higher than pre-COVID.

At around 90% of pre-pandemic traffic, we still have a way to go to full recovery. More international and domestic airline capacity is needed to return to pre-COVID volumes and reduce airfares which are up in real terms by 33% for domestic routes and 36% for international routes compared to pre-pandemic airfares. However, we've seen great progress during FY23 and it all amounts to a significant turnaround for an industry that was still in dire straits two years ago.



**International airlines return with borders opening**

In June, international seat capacity recovered to 90% compared with pre-pandemic.

Strength in our North American routes led the charge. Air New Zealand now flies into seven North American cities including its flagship New York service, joined by Qantas on the same route from June 2023, bringing greater choice and more competitive pricing to travellers. Hawaiian Airlines, Air Canada, United Airlines and American Airlines also reconnected into Auckland during the year.

These are all high-quality airlines with extensive domestic and international networks. This sees airlines serving Auckland Airport now offering more non-stop connections to the United States and Canada than from any other airport in Australasia. This is great news for Kiwi travellers but also for those travellers from North America, our second largest visitor market (behind Australia), wanting to take a holiday in New Zealand.

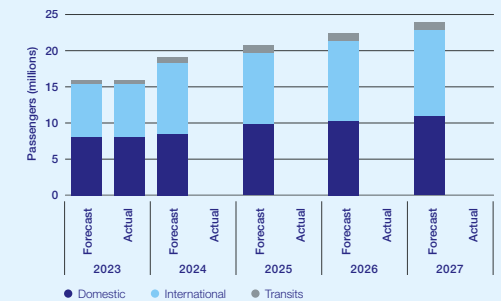
There has been a promising recovery in routes to and from China, a key trade and tourist market for New Zealand, after a slower initial return due to a more protracted national COVID-19 response. Five airlines now operate four routes, including daily services to some of the main centres. Overall, capacity between China and New Zealand had recovered to 78% of 2019 levels as at 30 June 2023.

**Airfreight capacity maintained throughout the pandemic, keeping New Zealand connected**

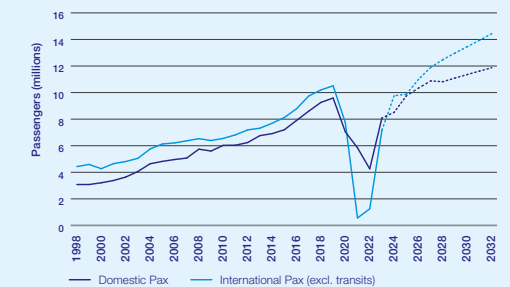
The return of passenger flights also restores international freight capacity to 95% of pre-pandemic level. The Maintaining International Air Connectivity (MIAC) Scheme provided important support for airlines to maintain international air freight connectivity throughout the pandemic. This scheme was extended for an additional year by the Government to March 2023, supported by \$250 million of further government funding. When the scheme ended in March 2023, the return of airlines and

increased schedule frequency provided the necessary bellyhold capacity for airfreight so that government support was no longer required. In the 2023 financial year, 165,503 tonnes of international cargo flew through Auckland Airport, accounting for 90% of New Zealand’s total international air cargo.

Passenger movements: actual vs. PSE4 Forecast



Annual Passenger Volumes – Auckland Airport



# Investing now to build a better future

As the international gateway to New Zealand, Auckland Airport needs to upgrade, modernise and build greater capacity and resilience, so we can enable New Zealand's economic and social prosperity rather than constrain it. We want to make Kiwis proud, offering sustainable and seamless customer experiences.

With our Building a Better Future strategy, we've set out our clear ambition to build a vibrant and diverse aviation precinct. Our long-term capital investment plan is carefully calibrated to deliver the projects required to unlock and deliver the Auckland Airport Master Plan – our roadmap to for the future. As New Zealand's largest gateway, it is our responsibility to provide the long-term airport capacity that New Zealand needs.

## Terminal Integration the pathway to unlock airport capacity

Many of the investments we are making today are important steps in unlocking the biggest project in our capital plan, the new combined (or integrated) domestic and international terminal.

Our 57-year-old domestic terminal building is reaching capacity. Its location acts as a major constraint on long-run airport capacity and resilience of operations. It is a facility that does not meet the expectations of our passengers.

The new facility we are building, integrated with international services, that was planned and underway in a very similar form before COVID-19 struck, will transform the customer experience, making journeys easier and faster.

It will unlock capacity growth, offering passengers greater choice in airline services. Airlines have much to gain in terms of improved sustainability outcomes, more resilient infrastructure and improved operating efficiencies.

But there have been calls in recent times from airlines to delay our investment programme. This is the wrong call for New Zealand and would result in higher infrastructure costs and air fares in the future. Auckland Airport, like many airports right around the world, needs to invest to ensure we are resilient and fit for the future. At the same time, we are very mindful of cost to our airline partners and ultimately travellers.

We have been consulting with major airlines on a new integrated domestic terminal for more than a decade, including producing over 21 concept designs. This includes PSE4-specific consultation regarding terminal integration and the next 10 years' wider capital plan since 2021, carrying out detailed reviews, working to identify airline requirements and finding savings where possible.

The decision in February 2023 to again move ahead with the Terminal Integration Programme was made after extensive consultation, analysis and careful consideration, but ultimately without the support of airlines. Although Air New Zealand and the Board of Airline Representatives (BARNZ) supported the pathway to terminal integration in August 2021, their position changed in 2022 and 2023, largely due to the increased airport charges

resulting from the post-pandemic increases in construction costs seen globally, and the updated cost of capital estimate incorporating the latest available interest rate and airport systematic risk data, resulting in a higher target return than was previously expected.

Airlines have asked us to continue operating jets from the existing domestic terminal for an extended period. However, this would result in unacceptable impacts on the efficiency of terminal and airfield operations, the resiliency of the airfield and a further deterioration of the customer experience. The resulting airport capacity constraints would risk driving airfares paid by travellers even higher than the steep increases experienced during the COVID recovery period due to aircraft seat capacity shortages. It would also cause delays to other projects such as contingent runway which are essential to safeguard airport resilience and enable future upgrades of the main runway.

We continue to engage with airlines and remain open to adjusting the infrastructure programme if presented with new, viable and lower whole of life cost options that, taking into account the stage we are at in the programme, can deliver the capacity that is needed, ensure the resilience of ongoing airport operations, and meet the expectations of travellers.

## FY23 Metrics

### Aeronautical capex

**\$410m**

cashflow capital expenditure  
(forecast \$492 million)

**\$210 m**

commissioned assets  
(forecast \$245 million)

### Key capital projects

Relocation of airfield services buildings and operations centre

Eastern Bag Hall including new baggage system

Northern aircraft stands including stormwater upgrades

Arrivals halls upgrades

Transport Hub including passenger pick-up and drop-off areas



### Sequencing a complex build of airport upgrades

Auckland Airport is a complex, interconnected system, ranging from the runway itself, through to taxiways and jet stands, baggage systems, terminals, landside transport, as well as fuel, utility and waste, and storm-water systems.

The right location of the new integrated domestic terminal is at the heart of our airport,

integrated with existing international operations, and creating an improved experience for passengers as well as more efficient operations with improved connect times for airlines. However, unlocking these benefits brings with it the additional challenge of construction in a brownfield operational environment, resulting complex series of interdependent projects that must be carefully planned and delivered in a live 24/7 operating environment.

We have invested a lot of time in the phasing and sequencing of each project in the overall programme to ensure we deliver for our customers in a way that keeps travel moving as smoothly as possible, doesn't disrupt airport operations, ensures that all works are undertaken safely, and seeks to optimise overall cost.

### Investment during the 2023 financial year

In the 2023 financial year, we have started to make some of the key moves that are needed to go on the journey to terminal integration, transitioning from a period focused on design and moving into the early phases of construction. Key investments undertaken during the year include:

- **Relocated existing essential airfield services** to enable the construction of the new integrated terminal. This included demolition of the existing operations control centre, and completion of activities to relocate airfield activities and services which are in the way of the future location of the integrated terminal. This included the development and opening of a new airport Operations Control Centre before the old facility could be decommissioned.
- **Commenced construction of the new Eastern Bag Hall.** This will connect the existing international terminal to the new Domestic Processor headhouse. It will be home to a new integrated domestic and international baggage system (part of which became operational in FY24), featuring modern bag systems that will improve operational efficiency and safety, meet future baggage capacity requirements, increase the resilience of the baggage system, and enhance the passenger experience with early bag store capability allowing passengers to check their bags any time before their flight. Upper levels of the new Eastern Bag Hall structure will provide passenger areas and airline lounges for the new domestic terminal facilities.



- **New remote aircraft stands** located to the north-west of the international terminal have re-commenced development. Put on hold due to the pandemic, once completed these stands will provide the aircraft stand capacity needed during the construction of the integrated terminal, and will later service longer-term demand for aircraft stands triggered by ongoing international growth. This project will add 250,000sqm of airfield, and importantly will increase the capacity of our stormwater systems and infrastructure. This will reduce flood risk to the international terminal by diverting runoff to a new stormwater network and outfall upstream of the terminal precinct, and deliver treatment ponds to meet drainage requirements.
- **Pick-up and drop-off facilities in the new Transport Hub** adjacent to the current international terminal building have continued construction. The first element completed will be the main public pick-up and drop-off areas for the terminal that will help to smooth the experience for travellers, as well as paving the way for any future mass rapid transit to deliver passengers direct to the airport terminal precinct. Opening this facility in the early stages of the Terminal Integration Programme is needed to minimise disruption and impact on passenger journeys during construction.

While delivering these transformational projects, we will also continue investing to ensure our core airport infrastructure remains fit for purpose. We have invested in upgrades and renewals of core infrastructure such as renewals of airfield slabs to ensure our safe and resilient airfield and jet fuel infrastructure, roading upgrades and physical and digital utility networks. We have also acquired airfield and ground lighting assets from Airways, essential airport assets that we will invest in to ensure they are resilient and fit for the future.



# Committed to innovation and operating efficiently and effectively

The airport is an ecosystem, where everyone across the aviation system plays a part to make sure it operates as efficiently and effortlessly as possible. There's no single solution for optimising customer experience. It requires a combination of investment in new infrastructure, development of technology solutions, ensuring our operations are focused on the right things, and most importantly, ensuring that we collaborate effectively across the entire airport ecosystem to ensure we're all working together.

## Weather events create significant challenges to maintain operations

On 27 January 2023, Auckland Airport received around 132 millimetres of rain in just two hours to 8.30pm. By midnight Auckland Airport had received one month's worth of rain, with the ground already saturated after a very wet January.

As occurred in many parts of Auckland, in a matter of hours the international terminal, as well as the forecourt area, had flooded.

This necessitated the closure of the terminal, leaving passengers due to fly stranded.

In response, dozens of Auckland Airport employees, airport workers and contractors worked through the night to pump and mop up water. Over the coming days, these people played a critical role in the crisis response, working closely with staff across the other key organisations in the airport system to get it moving again, along with sheltering, feeding and supporting hundreds of stranded travellers facing overnight stays at the international terminal. The Auckland Airport team and the wider airport community rallied together to look after travellers through the disruption to get things operating again, enabling domestic travel to resume after approximately 15.5 hours and international flights after 31 hours.

These disruptions are the main driver of our reported interruptions for the 2023 financial year increasing materially to 72 reported interruptions totalling 1,007 hours.

Following this event, it was only two weeks later when Cyclone Gabrielle hit New Zealand. While Auckland Airport was fortunate to avoid the devastation that the cyclone brought to other parts of the country, it did result in some airfield partners ceasing their operations. Ground handlers employed by the airlines considered the extremely high winds unsafe to continue operations. While this was disruptive for all airport users, it does not qualify as a regulatory interruption because reported airport services remained available for use during this period.



## FY23 Metrics

### Reported Interruptions

**70**

interruptions in FY23 (39 in FY19)

**36**

interruptions excluding weather events

**960**

hours interrupted in FY23 (63 in FY19)

**15**

hours interrupted excluding weather events

### Reported availability of material services

**99.990%**

Runway

**100.000%**

Taxiway

**100.000%**

Remote stands and means of embarkation/disembarkation

**99.640%**

Contact stands and air-bridges

**99.712%**

Baggage sortation system on departures

**99.666%**

Baggage reclaim belts

This reflects outages that are evaluated to meet the criteria of a reportable interruption, in accordance with the Airport Services Information Disclosure Determination 2010.



### Modernising our baggage system

The baggage handling system is the engine room of the terminal, making sure luggage gets where it needs to be, arriving and departing with passengers. A system at the very core of the operation of the airport.

This became clear during the Christmas holidays when Northern Hemisphere snowstorms and a global shortage of experienced aviation staff saw a much higher-than-normal number overseas passengers arriving at Auckland Airport without their bags. Often their bags would arrive some days later. This created a backlog of thousands of bags at the airport, requiring

an innovative response from Auckland Airport staff to enable airlines and ground handlers to reunite passengers with their luggage.

Following this, terminal flooding in late January damaged the electronics sitting in the water, including the baggage handling components of the check-in area. This meant fast tracking an asset replacement and resilience project already underway and bringing forward planned technology upgrades as the check-in system was brought back online. The next steps will see trials start for automated bag drops for foreign carriers in the international check-in area and extra capacity delivered via the newly built eastern bag hall.

The eastern bag hall will introduce modern technology into our baggage system. New features such as ‘lift assist’ and ‘batch loader’ devices controlled with a joystick will help ground handlers in what is a very physical job. The introduction of this technology will open up employment opportunities in ground handling to more people that might not necessarily be as big and muscular as the traditional ground handler, and also reduces the risk of injury. It will also provide a smarter way to process bags, providing a step change in energy efficiency and supporting Auckland Airport’s sustainability objectives.

### Off blocks

As technology becomes ever more integrated with our day to day lives, Auckland Airport is always looking for new ways to innovate to improve operations, improve customer service and smooth out customer journeys.

We are deploying big data and machine learning to help aircraft depart on time while reducing fuel burn. Knowing more accurately when a plane is set to depart helps the Airways tower team to manage departure order on the runway and cuts unnecessary taxiway wait times for aircraft, reducing emissions in the process.

CCTV cameras trained on aircraft parked at the gate gather information as airbridges attach and service vehicles arrive to unload, reload, refuel, and restock the aircraft. All this data is being collated so it can be automatically analysed with other flight data to create a predicted “off blocks time” – when the plane is expected to push back and taxi out to the runway. Getting the expected off blocks time is traditionally done by someone entering the targeted time on a touch screen at the gate. Given it is a manual process it is only undertaken about 60% of the time and when done, it is also only about 60% accurate at predicting the time the aircraft would be ready to push back.

By using data and machine learning, we can automate a manual task, so data entry compliance goes to 100%. The prediction accuracy is currently equivalent, but rapidly improving as we add more data to the machine learning model.

# Focusing on the customer to deliver a better airport experience



It's important to acknowledge that the rapid return of aviation has not always been a smooth experience for travellers worldwide and at Auckland Airport it has been no different.

Global staffing shortages have been at the centre of this, with challenges across many parts of the complex airport ecosystem as traffic has rapidly recovered. Many travellers have had to cope with mishandled bags arriving into New Zealand without their bags due to ground handler shortages offshore. They've spent longer waiting times in queues as airlines and border agencies have scaled up their workforces and dealt with delays from poor airline on time performance, along with construction in the arrivals hall that impacts the area's efficiency. These factors combined have resulted in an aviation system and generally a system struggling to maintain smooth passenger flows.

## Staying on the beat

Every orchestra needs a conductor to stay in time, with key players cued to come in at the right time. The conductor of the Auckland Airport orchestra is the operations centre.

Housed in the heart of the terminal, it is the 24/7 hub that keeps the airport operating – from the airfield right out into the roading network. It requires a watchful eye to be alert to any issues that might cause delays or inconvenience to travellers, airlines, and the other organisations working in and around the precinct.

The new operations centre has upgraded support technology and created a much more modern working environment. Technology enhancements provide a constant feed of data on flight schedules, key functions and processes and passenger flows within the domestic and international terminals. Upgraded public address, audio visual and conference systems make for clearer communications and are more resilient for the 24/7 nature of airport operations.

This new facility has made a material difference to how we collaborate to keep the airport running smoothly, not just between our own people, but also among the other key players in the airport system particularly when we're dealing with issues or emergencies. Keeping this system running smoothly is fundamental to delivering an experience passengers expect.

## Keeping time

The flight information display system (FIDS) in the international terminal previously displayed the departure gate no earlier than 60 minutes before the departure time of the flight, asking people to 'relax' ahead of gate allocation.

As part of our work to better understand our passengers, our customer research found that many people found it anything but relaxing. The feedback we received was that people wanted to find out what gate their flight was departing from sooner, and that they were unable to truly relax until they had this information.

We've responded to this research with a tweak to the system, which now means that departure gates now show up on the displays two hours before the flight is due to depart. While this can cause confusion for passengers in the event of a late gate change, displaying this information much earlier means less stress for travellers and they can relax sooner.

Airport staff have noticed less queries about gate information and the airlines have reported customers turning up more promptly which assists with their on-time departure performance.

## Listening to our customers and taking action to improve their experience

We measure Airport Service Quality (ASQ) throughout the year, to understand how passengers are experiencing our airport. While international ratings remained unchanged from the year prior, the domestic surveys show that the current experience is not up to the standard that passengers expect and that we have some serious work to do. Passengers rated the domestic terminal at an average ASQ score of 3.8 out of 5.0, 0.3 points lower than the prior year average.

When we looked closer at the feedback, what stood out was dissatisfaction with the comfort of waiting areas, which is mainly due to lack of comfortable seating for large groups and poor availability of charging stations. We are now taking steps to invest in new seating options and charging stations to be installed in the domestic terminal, and undertaking a

## FY23 Metrics

### Airport Service Quality

#### Domestic Terminal Building

**3.8/5.0**

(4.1 in FY19)

#### International Terminal Building

**4.0/5.0**

(4.2 in FY19)

refurbishment of the landside bathrooms in regional and jet baggage claim areas.

Cleanliness of the domestic terminal was another area for improvement. During the year staff shortages for cleaning contractors impacted on the service provided, this is an area we are continuing to invest in to ensure the terminal is cleaner to a standard passengers expect.

We expect these interventions to have a positive impact on domestic customer satisfaction once they are open and in place. However, there are limits to the improvements that can be made in the existing constrained terminal facility, particularly as volumes continue to increase. In the medium-term, the new integrated domestic terminal will deliver a step-change in terms of passenger experience and satisfaction. Delivery of this facility was underway before COVID-19 struck and it had to be paused. We are again committed to delivering this once in a generation upgrade.

# A sustainable airport for our environment and community



At Auckland Airport, sustainability is embedded into everything we do. As a long-term, multi-generational asset, we are focused on building a better future and accelerating sustainable and inclusive growth that creates prosperity for communities and the environment. These goals guided our business activities for the past three years, allowing us to establish a decarbonisation pathway and implement initiatives across all facets of sustainability.

## Low-carbon future

As we look ahead to the transformation of the airport, sustainability is at the forefront – our planned investments will help us move towards our climate change goals to create a more sustainable airport, and play our part in New Zealand's effort to reach net zero by 2050.

Our targets are demanding and real. We are targeting a 90% reduction in scope 1 and 2 CO<sub>2</sub> emissions from a 2019 baseline, that combined with offsets for the residual 10%, will achieve Net Zero

carbon emissions by 2030. We are well on the way to reaching this target, achieving a 27% reduction in scope 1 and 2 emissions this financial year against the 2019 baseline. Every initiative, big and small, counts, and we are proud to have a bold programme of work underway.

The most significant step in our decarbonisation pathway is the phasing out gas from the terminals by switching our air conditioning system to electricity. This commenced with the installation of our first electric heat pump in January 2023. Over the coming years, you will also see us make greater use of renewable energy with giant solar arrays being built on two large developments, one of which will be the largest rooftop array in New Zealand.

The design and building materials selection for the combined terminal is set to achieve an 11% reduction in embodied carbon and a 30% reduction in the building's operational emissions, both measured against a traditional base build design. We also have a strong focus on waste

minimisation and water efficiency, targeting a 20% improvement on these two measures by 2030 against our 2019 baseline.

But the vast majority of emissions at Auckland Airport are those that originate outside of our operational control. The most important role an airport can play in the decarbonisation of aviation is to provide the right infrastructure to enable the adoption of low carbon technologies. We are working closely with major airlines to understand their needs and requirements, including the investment they're making in larger, more efficient domestic aircraft, and their planned future low-carbon aircraft.

On the ground, action is happening as well, with ground power units being installed at each gate to supply power to aircraft to reduce fuel use and provide charging for electric ground-handling equipment and vehicles. These are but just a few of the initiatives underway to deliver positive change.

## Supporting our local community

Auckland Airport is proud to be part of the fabric of South Auckland, and we want our community to be successful. There are many ways we support our local community.

Auckland Airport supports the work of the Ara Education Charitable Trust, which creates pathways into work for school leavers not going directly into tertiary education or training, with construction industry training now co-located at Auckland Airport. This creates unique, life-changing opportunities for students, including exposure to major construction projects such as the Transport Hub experience work life with members of the Icon Construction project team. The Auckland Airport Community Trust is an independent trust established by Auckland Airport which supports the those in the local community impacted by aircraft noise. Since being established in 2003, the trust has distributed

## FY23 Metrics

**27%**

reduction in direct (scope 1 & 2) carbon emissions compared to 2019 levels

Targeted

**90%**

reduction in scope 1 and scope 2 emissions by 2030

## Supporting the South Auckland Community through:

Ara Education Charitable Trust

Auckland Airport Community Trust

millions of dollars in funding to 30 schools and 250 organisations to enable them to continue their mahi across South Auckland. In the wake of flooding that impacted many South Auckland homes, currently the trust is targeting programmes that focus on addressing the challenges faced by the community following destructive weather events.

# Fair prices for our customers and reasonable returns on investment for our shareholders

As New Zealand's largest international airport, we are a key enabler of travel, trade and tourism, boosting the country's economy as well as employment in the Auckland region. By setting charges that are fair and reasonable, we are ensuring that Auckland Airport delivers an airport for the long-term benefit of consumers.

## Price freeze supported airlines through the recovery from the pandemic

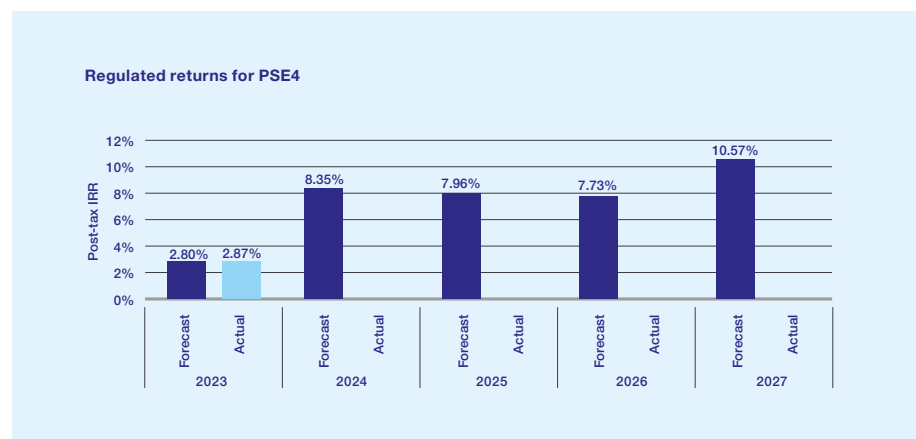
The 2023 financial year was an important stage of the pandemic recovery, it has seen volumes return well toward pre-pandemic levels for both domestic and international services. For this year, as the PSE4 pricing consultation was delayed by one year due to the pandemic, Auckland Airport froze aeronautical charges by holding prices flat at 2022 financial year prices<sup>3</sup>. This early-PSE4 aeronautical pricing relief was welcomed and supported by the majority of Substantial Customers during consultation.

We posted a regulatory profit of \$59 million for FY23, with a normalised internal rate of return of 2.87% post-tax. The price freeze resulted in Auckland Airport receiving over \$100 million less aeronautical revenue for FY23 than if full-returns were targeted. This under-recovery will be offset with slightly above target returns over the remainder of the PSE4 pricing period. And it is pleasing to see that the aviation industry has now re-established itself, with local airlines posting record profits for the 2023 financial year.

## Aeronautical charges set to increase, but from a very low base

On 8 June 2023, following extensive consultation with our airline partners, we announced changes to airline charges for the 2023 to 2027 financial years (a process

3. But with the \$2.00 / international passenger Regulatory or Required investment charge discontinued.



known under the regulations as Pricing Setting Event 4). The increased charges took effect from 1 July 2023, ending the year-long price freeze we had in place to help airlines rebuild following the pandemic.

These increased charges are coming off a very low base. Our domestic charges have been 40-50% lower than comparable airports in Australia and New Zealand for a number of years. The PSE4 increases will bring prices in-line with those at comparable airports.

Charges increased by \$3.52 per domestic jet passenger in FY24 following lifting the price freeze, and will increase by an average of \$1.74 per year across the remainder of PSE4. These increases will bring prices in-line with those at other major domestic airports in New Zealand like Wellington and Christchurch.

For international charges, Auckland Airport's FY24 prices remain below the published prices of Sydney, Melbourne and Brisbane airports, despite the step-up following the price freeze. Auckland Airport's charges will still represent well under 5% of an average airfare.

We did not introduce these price increases lightly, particularly in the current economic environment. They are necessitated by passenger volumes that are still below pre-pandemic levels, the catch-up from the circa \$100 million under-recovery of revenues in FY23, the significant capital investment that is planned to be delivered during PSE4, and the increase in Target Return from PSE3 based on updated input parameters.

Overall, we consider that our price path for PSE4 is reasonable given the substantial investment in airfield and terminal infrastructure that we are forecasting to deliver over this period, and the increase in the cost of capital relative to PSE3. This investment is essential to maintain capacity, resilience and the quality of the facilities we provide which directly impacts our airline and cargo customers, passengers, and the wider regional and national economies. As New Zealand's key gateway airport, we are certain that the infrastructure investment choices we have made are in the best long-term interests of travellers and the wider New Zealand economy.

## FY23 Metrics

**2.87%**

Normalised FY23 IRR (forecast 2.8%)

**\$59m**

Pre-tax Regulatory Profit (forecast \$67m)

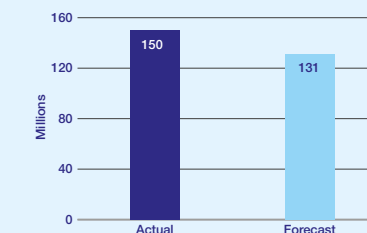
**\$280m**

Regulatory Revenue (forecast \$284m)

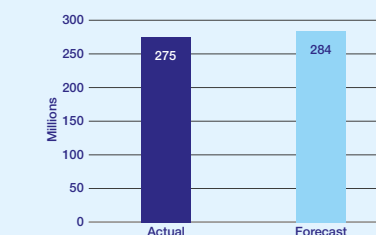
**\$150m**

Operational expenditure (forecast \$131m)

## Total operational expenditure: FY23 actual vs forecast



## Total regulatory income: FY23 actual vs forecast





# Annual Information Disclosure Commentaries

30 June 2023



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## Introduction

### *Background*

The purpose of annual Information Disclosure (**ID**), under the Commerce Act 1986, is for Auckland Airport to provide sufficient information to enable interested parties to assess the performance of Auckland International Airport Limited (**Auckland Airport**) in meeting the purpose of Part 4 of the Act. It also allows the Commerce Commission (the **Commission**) to analyse performance over time and compare it with other airports.

This disclosure is the first disclosure relating to the price setting event that applied from 1 July 2022 to 30 June 2027 (FY23 – FY27). This is the fourth price setting event subject to the Part 4 ID regime and is referred to as Price Setting Event Four (**PSE4**).

### *Context of the Information Disclosure Commentaries*

In accordance with its ID obligations, Auckland Airport describes its performance for the year to 30 June 2023 in the Regulatory Performance Summary and the associated ID schedules. To assist the reader, the explanatory notes for the 17 disclosure schedules have been collated in this report, the ID Commentaries, which provide evidence of how Auckland Airport has performed against the Part 4 objectives for the 2023 disclosure year.

To assist with usability, the numbering of sections within this report is consistent with the disclosure schedule numbers.





## Glossary:

ASQ	Airport Service Quality (a global service quality certification body)
Airways	Airways Corporation of New Zealand Limited
Auckland Airport	Auckland International Airport Limited
AvSec	Aviation Security Service
CCTV	Close circuit television
Commission	The Commerce Commission
CPI	Consumer Price Index
Downer	Downer EDI Limited
FEGP	<i>Fixed electrical ground power</i>
FTE	Full time equivalent
GAAP	Generally Accepted Accounting Practice
GBMD	George Bolt Memorial Drive
HVAC	Heating, ventilation and air conditioning
ID	Information Disclosure
IM	Input Methodologies
IRR	Internal rate of return
ITB	International Terminal building
MCTOW	Maximum certified take-off weight
MPI	Ministry of Primary Industries
MVAU	Market value alternative use
OTD	On-time departure
PSE3	Price Setting Event 3 – FY18-FY22
PSE4	Price Setting Event 4 – FY23-FY27
PSE5	Price Setting Event 5 – FY28-FY32
RAB	Regulatory asset base

## Section 1: Report on Profitability

### Key points:

- Auckland Airport’s reported post-tax internal rate of return (**IRR**) for the year to 30 June 2023 was 3.83%, 1.03% above the PSE4 forecast for the year of 2.80%
- The key drivers of this higher than forecast IRR were lower assets commissioned in the year and utilisation of tax losses brought forward from PSE3, partly offset by higher operating expenses and lower regulatory income
- Adjusting to exclude the utilisation of tax losses relating to PSE3, Auckland Airport’s normalised post-tax internal rate of return for the year to 30 June 2023 was 2.87%, 0.07% higher than the PSE4 forecast of 2.80%
- The tax losses carried forward from PSE3 arose because of hundreds of millions of dollars of unmitigated COVID-19 impacted revenue losses. Per the prescribed disclosure templates, this fully offsets the regulatory tax expense in FY23 and artificially inflates the reported IRR

### 1.1 Commentary on the internal rate of return

Schedule 1 reports on Auckland Airport’s post tax internal rate of return on its regulated activities for the year ended 30 June 2023 compared to forecast, and for the PSE4 period to date versus the forecast at the time of setting aeronautical charges.

Across all of PSE4, Auckland Airport is targeting an average post tax return of 8.73% on ‘priced aeronautical activities’ (for which landing, passenger, check-in and aircraft parking charges are levied on the airlines) and 7.79% for all regulated activities (e.g., also including the Aircraft & Freight segment, VIP lounges, airlines offices, and Duty Free collection facilities for off airport purchases).

For the year to 30 June 2023, Auckland Airport earned a post-tax IRR of 3.83%, 1.03% higher than that forecast at the time of setting prices for PSE4. The normalised post-tax IRR of 2.87% was 0.07% higher than the PSE4 pricing forecast.

#### *Normalised IRR*

Auckland Airport recorded just over \$70 million of regulatory tax losses in the 2021 and 2022 disclosure years, reflecting the more than \$500 million shortfall in revenues caused by COVID-19 versus the PSE3 price setting forecast. Therefore, when Auckland Airport set prices for PSE4, the required aeronautical revenues to achieve our target return were not offset by historic tax losses carried forward from PSE3. Auckland Airport’s PSE3 aeronautical prices provided no mechanism to recover any of the COVID-19 revenue losses experienced. So to carry tax losses forward from PSE3 would result in forecast PSE4 cash returns being well below our target return, as the full benefit of historic COVID-related tax losses would be transferred directly to airlines, effectively resulting in Auckland Airport ‘paying twice’ for COVID-19 losses.

**Table 1: Internal rates of return**

	FY23	PSE4 to date
Actual	3.83%	3.83%
Actual - normalised	2.87%	2.87%
Forecast	2.80%	2.80%

To address this anomaly, Auckland Airport has presented a ‘normalised IRR’, so a meaningful comparison to the PSE4 pricing forecasts can be made. The normalised IRR for the year to 30 June 2023 was 2.87%, 0.07% higher than that forecast at the time PSE4 prices were set.

### Variance analysis

Clause 2.3(8) of the ID Determination requires Auckland Airport to explain any variances from forecast that have a material impact on the IRR. The key drivers over the IRR variance for the first year of PSE4 are set out in Table 2 below.

**Table 2: Key drivers of IRR variance for PSE4**

	Actual \$m	Forecast \$m	Variance \$m	Impact on IRR
Forecast IRR				2.80%
Opening RAB	1,739	1,698	41	(0.18)%
Assets commissioned	210	245	(35)	1.39%
Other changes in investment value	(69)	(83)	13	(0.16)%
Regulatory income	275	284	(9)	(0.56)%
Operating expenditure	150	131	19	(1.14)%
Unlevered tax	12	24	(12)	0.72%
<b>Net IRR increase (normalised)</b>				<b>0.07%</b>
<b>Normalised IRR</b>				<b>2.87%</b>
Unlevered tax (offset by tax losses from PSE3)	(16)	-	(16)	0.96%
<b>Reported IRR</b>				<b>3.83%</b>

Lower than forecast assets commissioned and unlevered tax increased IRR by 1.39% and 0.72% respectively versus forecast. This was partly offset by lower regulatory income and higher operating expenditure that reduced IRR by 0.56% and 1.14% respectively.

The components of the “other changes in investment value” are shown in Table 3 below.

**Table 2: Components of other changes in investment value**

	Actual \$m	Forecast \$m	Variance \$m	Impact on IRR
<b>Other changes in investment value</b>				
Depreciation	(74)	(72)	(2)	(0.14)%
Revaluations	8	9	(1)	(0.04)%
Asset disposals	(6)	(22)	16	0.02%
Change in carry forward adjustment	2	2	-	-
<b>Total other changes in investment value</b>	<b>(69)</b>	<b>(83)</b>	<b>13</b>	<b>(0.16)%</b>

### Adjustment to the opening RAB

Per the prescribed IRR calculation, all RAB increases (or decreases) result in an increase (or decrease) in IRR, even if they simply relate to allocation rule updates. As Auckland Airport already owns those shared assets, all that is changing is the proportionate usage of those shared assets for regulated aeronautical purposes. Accordingly, for the purpose of calculating the IRR, Auckland Airport has offset the RAB increases of \$100 million (asset allocation rule adjustments of \$87.5 million and asset split movements of \$13.0 million) by an equal and opposite increase in the opening RAB for the 2023 financial year so as to not create a windfall increase in the RAB.

*Revaluations*

Consistent with prior years, Auckland Airport has chosen not to revalue “priced aeronautical assets” (i.e. the assets used to provide terminal and airfield services that are charged to airlines via passenger, landing, check-in, and aircraft parking charges and are subject to the five yearly aeronautical price setting consultation process).<sup>1</sup>

*Wash up mechanism for priced activities*

For the first time, in PSE4, Auckland Airport introduced two wash-up mechanisms. The first is a one-way capital expenditure wash-up mechanism which compensates airlines to the extent that commissioned capital investment is 7.5% or more below forecast, and excess returns of 0.75 percentage points or more above the target return are achieved on priced activities. The second washup is a two-way regulated revenue wash-up mechanism which will compensate airlines (or Auckland Airport) to the extent there is an actual revenue surplus (or shortfall) versus forecast of 15% or more on priced activities.

Table 4 below sets out relevant values for the 2023 disclosure year that will eventually be required to make a future assessment of whether any wash-up mechanism is triggered for PSE4.

**Table 4: Tracking of key PSE4 washup metrics**

Priced activities - FY23	PSE4 pricing forecast (\$m)	Actual (\$m)	Difference (\$m)
Revenue for services applicable to price setting event	232.9	224.5	(8.3)
Actual Commissioned Capex	223.5	192.3	(31.2)
Cash flow from asset disposals	0	3.6	3.6
Operational expenditure	116.4	131.6	15.2
Unlevered tax	15.1	5.7	(9.4)
Depreciation	58.3	65.4	7.1

<sup>1</sup> In 2006 (PSE1), for the purpose of setting aeronautical prices, Auckland Airport implemented a moratorium on asset revaluations for at least 10 years (PSE1 and PSE2) for the Airfield and Terminal Assets subject to the five yearly aeronautical price setting process. For PSE3 we chose to continue that practice and the decision was supported by the airlines. Since FY18, the Commission’s updated disclosure statements have allowed Auckland Airport to eliminate the previous mismatch between “pricing” and “regulatory” asset values. i.e., the “carry-forward” mechanism removes the impact of revaluations between the start of the moratorium in 2006 and the start of the information disclosure regime in 2010. Further explanation is provided in the FY18 disclosures.

## Section 2: Regulatory Profit

### Key points:

- Auckland Airport posted a regulatory profit of \$59 million for FY23, \$8 million lower than forecast regulatory profit at the time of setting prices for PSE4
- Regulatory net operating revenues in FY23 of \$280 million were down \$4 million or 1% on PSE4 forecast
- Regulatory operating expenses in FY23 of \$150 million were up \$19 million or 15% on PSE4 forecast
- The regulatory tax allowance was nil reflecting the utilisation of PSE3 tax losses

### 2.1 Commentary on FY23 regulatory profit

In FY23, Auckland Airport reported a regulatory profit of \$59 million, \$8 million lower than the forecast regulatory profit at the time of setting prices for PSE4. Drivers of this unfavourable variance include:

- regulatory net operating revenues of \$280 million were down \$4 million or 1% on forecast, reflecting the lower passenger volume and aircraft movements;
- regulatory operating expenses of \$150 million were \$19 million or 15% higher than forecast reflecting flood related expenses and additional personnel and staff costs to support customers during the recovery in aviation;
- regulatory depreciation was up \$2 million on forecast; and
- regulatory tax allowance of \$0 was \$24 million lower than forecast at the time of pricing reflecting the utilisation of regulatory tax losses from PSE3.

Refer to Sections 4 and 6 for further information.

## Section 3: Regulatory Tax Allowance

### 3.1 Disclosure of permanent differences and temporary adjustments

#### *Other permanent difference – not deductible*

This is related to costs incurred for terminated capital works projects that have subsequently been written off. These expenses are not tax deductible.

#### *Other temporary adjustments – current period*

Temporary adjustments relate to non-tax deductible accruals and provisions that are estimated at year-end and booked to the financial statements per GAAP accrual accounting requirements relating to expected future expenses including:

- employee related provisions (\$4.6 million) for employee leave, redundancy, ACC levies, fringe benefit tax and staff incentives;
- other accruals and provisions (\$7.8 million) including release of expected credit losses (\$2.4 million).

These provisions will reverse during the year and be replaced with actual incurred, and therefore tax-deductible, expenditure. The temporary adjustments also include fixed asset timing differences of \$1.7 million, related to the disposal of fixed assets.

#### *Other temporary adjustments – prior period*

The prior period temporary adjustments reverse last year's current period temporary adjustments, i.e. employee related provisions (\$6.0 million) and other accruals and provisions (\$6.2 million) including expected credit losses of (\$2.0 million).

### 3.2 Regulatory tax asset value of additions

During FY23, \$179.4 million of regulatory assets were added to the tax register. This is lower than the \$210.4 million of assets added to the regulatory asset base (**RAB**). The difference is because holding costs equal to the target return must be capitalised to the RAB, but cannot be capitalised to the tax fixed assets register.

### 3.3 Regulatory tax asset value of assets transferred

Other adjustments to the RAB tax value relate to lost and found assets and adjustments resulting from cost allocation as described in Section 4.2.

### 3.4 Regulatory taxable income (loss)

Auckland Airport made a regulatory taxable profit of \$41.8 million for the 2023 financial year. In prior years, Auckland Airport accumulated regulatory tax losses of \$72.8 million which have been carried forward into PSE4 and therefore offset tax on the FY23 regulatory taxable profit. Remaining tax losses of \$31.0 million have been carried forward for future years.

## Section 4: Regulatory Asset Base Roll Forward

### 4.1 Valuation

The Table below provides an overview of Auckland Airport’s approach to asset values and revaluations in the regulatory asset base, as well as for land held for future use which is not included in the RAB.

**Table 5: Asset values and revaluations**

Segment	Land assets		Non-land assets	
	Base value	Revaluations included in RAB?	Base value	Revaluations included in RAB?
Airfield	2010 per hectare MVAU values	No	2009 disclosed value (or cost at commissioning)	No
Terminal	2010 per hectare MVAU values	No	2009 disclosed value (or cost at commissioning)	No
Aircraft and Freight	2010 per hectare MVAU values	Yes - 2011 MVAU revaluation and indexed at CPI since 2011	2009 disclosed value (or cost at commissioning)	Yes (CPI)
Land held for future use	2009 MVAU Value	Yes – revaluation included to bring land value to 2010 MVAU values (consistent with RAB). Plus holding costs (target return) capitalised annually to LHFU carrying value.	-	-

### 4.2 Lost and found assets and adjustments resulting from cost allocation

#### *Lost and found assets adjustment*

A capital expenditure project typically enters the fixed assets register initially as a single item (representing the project). Following detailed analysis, it is later split into its component assets. This process can result in capital expenditure projects later being split into both aeronautical and non-aeronautical assets. These splits can result in assets being transferred into or out of both unallocated and allocated RAB.

The logical place to record these asset split movements in Schedule 4 is in row 41, entitled "Adjustment resulting from cost allocation". However, because row 41 does not contain an area to input movements in unallocated RAB, we have shown the \$13.2 million unallocated RAB increase due to asset splits and transfers in row 39, under the "Lost and found assets adjustment". This unallocated RAB adjustment does not alter the allocated RAB.

The net impact of asset splits in FY23 was an allocated RAB addition of \$13.0 million.

#### *Adjustments resulting from cost allocation*

When setting prices for PSE4, the space-based asset allocation rules were updated to include some aeronautical office spaces not previously allocated to the RAB in previous disclosure statements,

albeit the associated revenues had always been included. This, combined with applying usage-based allocation rules for PSE4 pricing, based on pre-COVID 2019 activity levels rather than the severely distorted pandemic-impacted FY22 activity levels, resulted in an increase to the opening PSE4 RAB of \$59.6 million.

In total, the FY23 asset allocation rule adjustments increased the starting RAB by \$87.5 million, mainly relating to the International Terminal Building (ITB) as summarised below in Table 6.

**Table 6: Changes to opening book value relating to asset allocation**

Allocation rule	FY23 RAB allocation	FY22 RAB allocation	Variance	Variance (of OBV)
ITB Core	82%	70%	12%	\$53.2m
ITB space	84%	74%	10%	\$22.3m
Company wide	84%	74%	10%	\$3.7m
Pier B	99%	97%	2%	\$2.0m
Water	51%	43%	8%	\$1.6m
Quad 5	68%	60%	8%	\$1.2m
Wastewater	49%	42%	7%	\$1.1m
Expanded arrivals	74%	72%	2%	\$1.0m
Stormwater	67%	66%	1%	\$1.0m
Other allocation changes				\$0.4m
<b>Total changes in opening book value relating to asset allocation</b>				<b>\$87.5m</b>

*Calculation of revaluation rate and indexed revaluation of fixed assets*

Consistent with amendments to the IMs in December 2016, and with Auckland Airport’s pricing decision for PSE2, PSE3 and PSE4, the only revaluations booked to the disclosure schedules for FY23 are indexed revaluations for assets directly allocated to Aircraft and Freight activities. These activities are “non-priced”, i.e., they’re not subject to the 5-yearly aero pricing consultation cycle undertaken before resetting “priced” passenger, landing, aircraft parking and check-in charges.

CPI revaluations of 6.03% were booked in FY23 for Aircraft and Freight assets, consistent with Auckland Airport’s market-based approach to setting charges associated with these assets (all covered by leases negotiated at arms-length with individual customers).

There are no revaluations booked to the disclosure schedules for Airfield or Terminal assets in FY23, consistent with Auckland Airport’s decision to continue its moratorium on asset revaluations for pricing purposes over PSE4.

**4.3 Assets held for future use**

Assets held for future aeronautical use are not included in the RAB and earn no cash return. Instead, assets held for future use sit outside the RAB and accumulate an annual holding cost equal to the target return which is later recovered through aeronautical charges once the asset is commissioned and used for aeronautical purposes.

**4.4 Works under construction**

Write-offs of \$2.0 million were subtracted from allocated works under construction relating to projects that Auckland Airport no longer intends to complete.



## Section 5: Related Party Transactions

### 5.1 Transactions with related parties

All trading with related parties, including and not limited to license fees, rentals and other sundry charges, has been made on an arms-length commercial basis, without special privileges, except for:

- the provision of accounting and advisory services to the Auckland International Airport Marae Ltd at no charge; and
- transactions with Auckland Airport's non-regulated business which have been recorded in accordance with the Input Methodologies Determination.

No guarantees have been given or received.

#### *Auckland Council and its subsidiaries*

Auckland Council is a significant shareholder of Auckland Airport, with a shareholding in excess of 10%. Payments to Auckland Council and its subsidiaries in relation to the aeronautical business during FY23 were:

- aeronautical rates of \$2.5 million (FY22: \$2.4 million) out of total Auckland Airport rates of \$24.3 million (FY22: \$13.6 million);
- compliance, consent costs and other local government regulatory obligations of \$0.03 million (FY22: \$0.01 million);
- AIM Services – grounds maintenance costs of \$nil (AIM Services is no longer a subsidiary of Auckland Council) (FY22: \$1.0 million); and
- Watercare – water, wastewater and compliance services costs of \$1.5 million (FY22: \$1.0 million).

#### *Auckland International Airport Marae Ltd*

Auckland International Airport Marae Ltd has two members of the Auckland Airport's senior management team on its board. During FY23, maintenance and occupancy costs of \$0.04 million (FY22: \$0.01 million) were incurred in relation to the marae by the Airport Business.

#### *Auckland Airport's non-regulated business*

As mentioned in section 4.4 above, land transfers may occur between non-regulated and regulated businesses from time to time. Details of the transfers are shown in Schedule 5.

During FY23, a total of 15,757 sqm of land was transferred into Assets Held for Future Use at an average rate of \$812 per square metre. As determined by the Input Methodologies, this transfer was based on the prescribed market value existing use methodology in accordance with generally accepted accounting practice. Land transfers from non-regulated business uses are first transferred into Assets Held for Future Use and then into Works Under Construction per Schedule 4 and Schedule 6. Then, immediately following commissioning for use by aeronautical customers, the land is transferred into the RAB. \$12.8 million of land (2022: \$177 million) was transferred into the Assets Held for Future Use during FY23, with \$14 million subsequently commissioned into the RAB per Sch.4.

#### *Fulton Hogan*

A director of Auckland Airport is also a director of Fulton Hogan. In FY23 Auckland Airport incurred charges relating to engineering services / works provided by Fulton Hogan, totalling \$18.6 million in



relation to the Airport Business (2022: \$10.1 million). The current year charges are included in 'works under construction' and are therefore not included in the 'assets acquired from a related party' amount disclosed in Schedule 4.

*Downer EDI and subsidiaries*

During FY23, a director of Auckland Airport was also a director of Downer EDI Limited (**Downer**), that director retired from the Downer Board on 31 January 2023. In FY23 Auckland Airport incurred charges relating to engineering services / works provided by Downer, totalling \$1.2 million in relation to the airport business. The current year charges are included in 'works under construction' and are therefore not included in the 'assets acquired from a related party' amount disclosed in Schedule 4.

In FY23 Auckland Airport incurred charges relating to engineering services / works provided by Hawkins, a subsidiary of Downer, totalling \$35.6 million in relation to the Airport Business. The current year charges are included in 'works under construction' and are therefore not included in the 'assets acquired from a related party' amount disclosed in Schedule 4.

*Associate and joint venture entities*

Auckland Airport's related parties include an associate entity, Queenstown Airport Corporation, and two joint venture entities being the Tainui Auckland Airport Hotel Limited Partnerships. There were no regulated aeronautical transactions between the airport and any of the associate or joint venture entities during the year.

One of Auckland Airport's directors is also a director of Tainui Group Holdings, the joint venture partner in the above hotel partnerships. Queenstown Airport Corporation has a member of the Auckland Airport senior management team on its board.

## Section 6: Actual to forecast expenditure

### Key points:

- Regulated operating expenses of \$150 million were \$19 million or 15% higher than the PSE4 forecast for the same period
- Regulated operational expenditure per passenger was higher than forecast driven by unforeseen flood related expenses and additional personnel costs to support customers
- Auckland Airport invested \$410 million on regulated aeronautical infrastructure in the first year of PSE4, \$82 million below the pricing forecast owing mainly to the timing of works and lower close out costs than anticipated on the Northern Roothing project.

### 6.1 Operating expenditure

In FY23, total regulated operating expenses of \$150 million were \$19 million (15%) above the pricing forecast, reflecting flood related expenses and additional personnel and staff costs to support customers during the recovery in aviation. In FY23, Auckland Airport's insurers agreed to an initial payment of \$5.0 million to cover the cost of the remediation of the impact of flooding on the airport in early 2023. As required by GAAP, Auckland Airport has recognised the insurance proceeds as income. Any further flood related expenses are expected to be partly or fully offset by insurance recoveries.

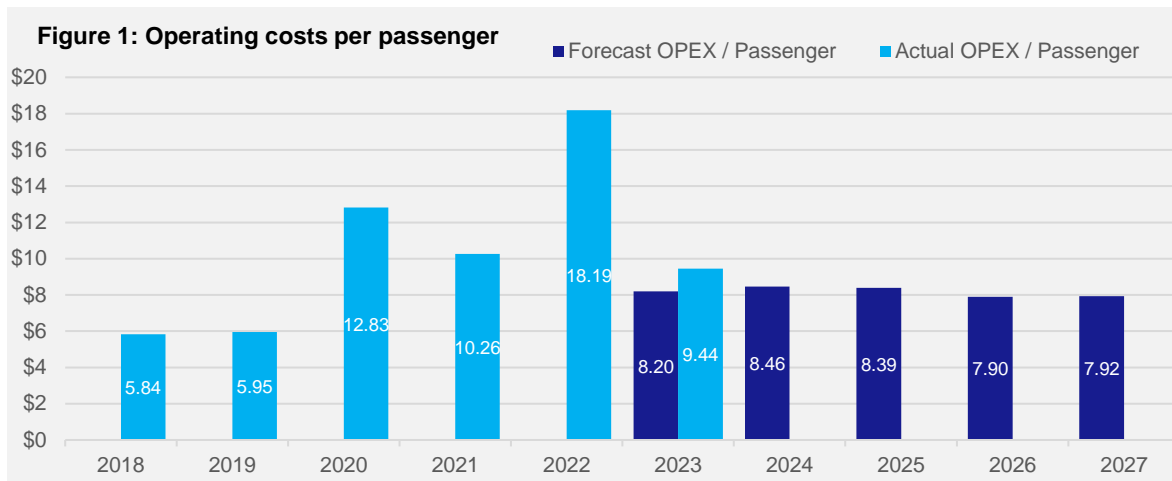
Auckland Airport incurred additional personnel costs reflecting higher than anticipated staffing, particularly in Operations and Corporate Services to better manage the recovery in aviation. In addition, there was a higher than forecast allocation of personnel costs to regulated activities reflecting less work undertaken on 'assets held for future use' in the year.

The components of operating expenditure making up the variance to forecast for the first year of PSE4 are shown below in Table 7 below.

**Table 7: Components of variance in operating expenses for FY23**

	Actual \$m	Forecast \$m	Variance \$m
Underlying operating expenses	136	131	5
Flood related expenses	8	-	8
Additional personnel costs	6	-	6
<b>Total</b>	<b>150</b>	<b>131</b>	<b>19</b>

Regulated operating expenditure per passenger was \$9.44 in FY23, well below the FY22 figure of \$18.19, driven by the benefits of economies of scale arising from the significant recovery in passenger volumes.



## 6.2 Capital expenditure

### *Step change in aeronautical infrastructure investment*

With the COVID-19 pandemic behind us, and domestic and international aviation volumes recovering strongly, Auckland Airport is progressing a multibillion-dollar portfolio of works over the next ten years. Specifically, this programme of works is focused on integrating our terminal precinct to enhance capacity and customer experience along with upgrades to existing facilities to safeguard airport resilience.

The integration of domestic jet and international operations in a single terminal has been a core pillar of Auckland Airport’s masterplan since 2012. Work on the integration of the domestic terminal was well underway before the outbreak of COVID necessitated a pause of construction in 2020. In FY22, with the green shoots of aeronautical recovery and with the support of its aeronautical stakeholders, design and enabling activity recommenced on some key elements of the terminal integration programme. In FY23, terminal integration activity has transitioned from primarily design and enabling to enabling and construction. In addition to Terminal integration related activity, Auckland Airport continues to invest in upgrade and renewal activity of core infrastructure such as airfield slab renewals, aircraft refuelling infrastructure, roading upgrades and physical and digital utility networks.

Works in 2023 financial year included:

- demolition of the existing operations control centre and construction of the new Eastern Bag Hall, a key component of the terminal integration programme which in future will connect the existing international terminal to the new Domestic Processor headhouse. Upper levels of the new Eastern Bag Hall structure will provide passenger areas and airline lounges;
- completion of east airfield relocation activities which commenced in PSE3 and enable the future construction of the new Domestic Processor;
- completion and commissioning of the new airport Operations Control Centre;
- completion of the design phase of the west terminal enabling project and early enabling works which deliver a new truck dock and upgrades to the arrivals hall;
- recommenced development of new remote stands to the north west of the international terminal. Once completed this will provide required aircraft stand capacity whilst the new domestic jet pier is under construction, and in the longer term provide a net increase in stand capacity needed to meet growth in international demand.

- continued construction of the new Transport Hub adjacent to the current international terminal building, which will serve as the main public pick-up and drop-off area for the terminal and provide the primary car park for international and domestic jet passengers post terminal-integration; and
- ongoing renewal activity of core airfield, terminal, utility, roading and enterprise assets such as airfield slab renewals.

In addition, during the year Auckland Airport transferred a total of 384,965sqm of land, with the regulated share of the value being \$34 million, into Assets Held for Future Use and then into Works Under Construction per Schedule 4 and Schedule 5. The transfers into Works Under Construction included land associated with the remote stands project to the north or Pier B, land associated with the upgrade to the terminal exit road and plaza, livestock and transitional waste facilities and the new Te Ara Korako Drive. As determined by clause 3.11 of the Input Methodologies, this transfer was based on the prescribed market value existing use methodology in accordance with generally accepted accounting practice.

*Variance analysis*

Auckland Airport invested \$410 million on regulated aeronautical infrastructure in FY23, \$82 million or 17% below the pricing forecast for the first year of PSE4. The PSE4 capital expenditure variance to forecast by programme is shown in Figure 2 below:

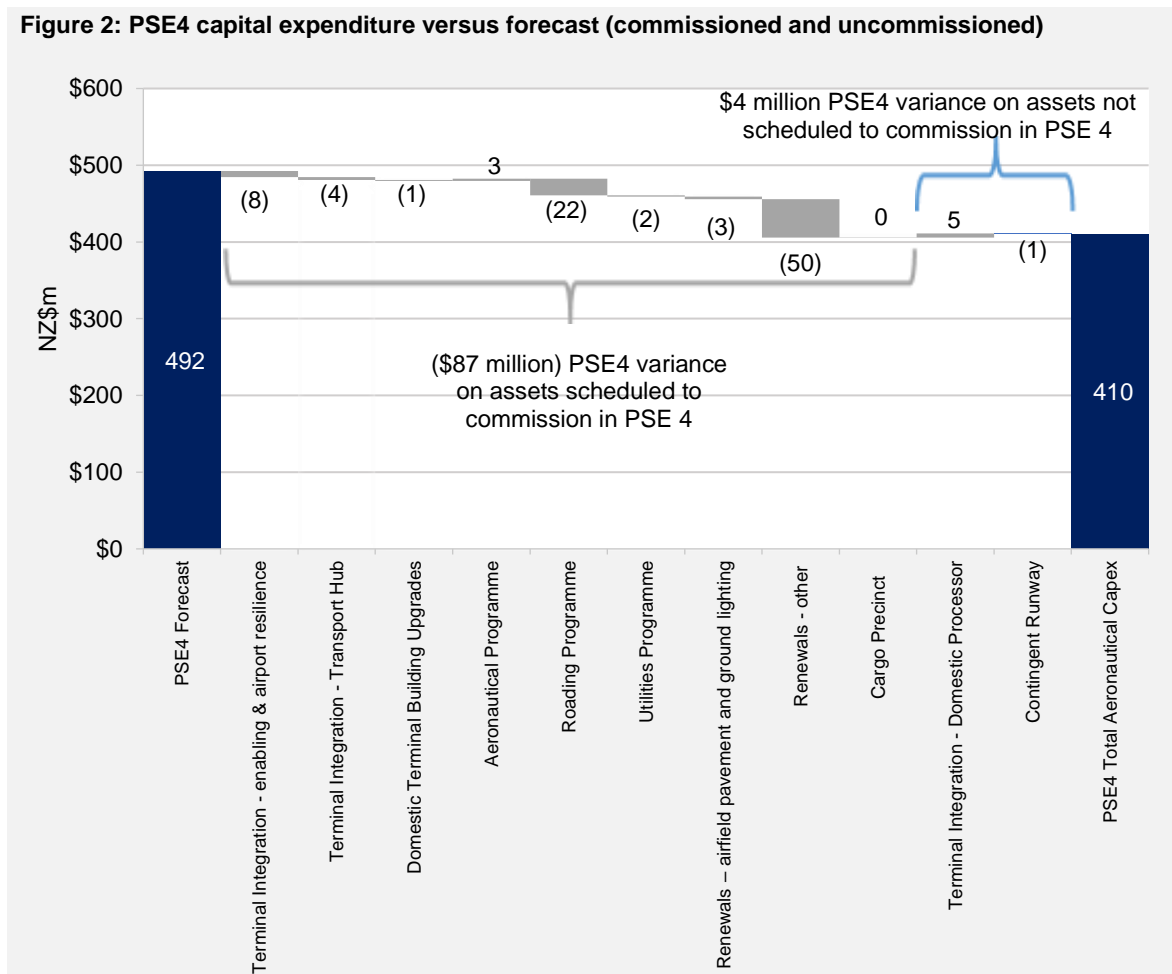


Table 8 below provides explanations of material programme variances (greater than \$20 million) in



Schedule 18 of the PSE4 Price Setting Disclosure (figures in brackets denote underspend).

**Table 8: Capital projects – variance analysis to PSE4 Price Setting Disclosure**

Roading Programme	
PSE4 actual: \$18,965k	<p><b>Aims and objectives / description</b></p> <p>There are two major physical components within the PSE4 roading programme, the South-Eastern Access project, and the Eastern Ring Route project. The South-Eastern Access project addresses the need to accommodate forecast traffic growth utilising southern access routes to the airport. The programme also addresses the need to support the use of public transport, high occupancy vehicle usage, mass rapid transit and pedestrian, cycling, and recreational activities. The programme also mitigates traffic congestion and construction disruption through the provision of a direct connection from remote parking located at Park and Ride South. The Eastern Ring Route project addresses the need to accommodate forecast traffic growth utilising both northern and southern access routes to the airport. The programme also addresses the need to support the use of public transport, mass rapid transit and other means of land transport.</p> <p><b>Progress in PSE4</b></p> <p>Activity in PSE4 to date has primarily involved upgrade works to Laurence Stevens Drive, a key arterial route serving the airport precinct when entering or exiting from State Highway 20B. The first stage of works was completed in FY23 with the second stage forecast to complete in FY24. In addition, construction activity progressed on Te Ara Korako Drive, a new four-lane road connecting George Bolt Memorial Drive (<b>GBMD</b>) to Nixon Road in the east.</p> <p>The PSE4 variance to date is primarily driven by timing of work on Laurence Stevens Drive Stage 2, lower anticipated close out costs on the primarily PSE3 Northern Network transport project and the timing of design activity on Laurence Stevens Drive Stage 3 and the holistic Airport Surface Access Network which includes investigation and feasibility works for the future development of a new Puhinui Bridge, Landing / GBMD intersection upgrade and the development of the Eastern Ring Road.</p>
PSE4 variance: (\$21,605k)	
FY23 variance: (\$21,605k)	
Renewals - other	
PSE4 actual: \$46,306k	<p><b>Project description and objectives</b></p> <p>The primary aim of this programme is to ensure that Auckland Airport’s existing assets are fit for purpose, safe to operate and enable the efficient day to day operation of the business. This programme covers Terminal Renewals, Enterprise Technology, Dedicated Operations Technology and Systems, Utility Networks, Roading and Airport Emergency Services. The PSE4 and PSE5 renewals programme includes a catch-up on renewal activity which was deferred due to capex reductions across 2020 to 2022 caused by COVID-19.</p> <p>The primary elements within the programme are:</p> <ul style="list-style-type: none"> <li>• terminal renewals includes renewal activity of assets located in both terminals such as HVAC, lifts, escalators, lighting, airbridges, fire and baggage systems.</li> <li>• enterprise technology includes renewal activity of hardware, software, network cabling and systems that support the entire operation of Auckland Airport such as payroll or finance systems.</li> <li>• operations dedicated technology includes renewal and upgrades of technology systems used primarily for operating the terminals and including the Airport Operating System, CCTV, check-in kiosks etc.</li> <li>• utility renewals includes renewal activity of the core physical networks across the campus such as electricity, potable, storm and waste water, fuel and roading networks.</li> <li>• airside renewals includes renewal activity of airfield assets excluding runway and apron pavement and airfield ground lighting. Specific inclusions are seawall rehabilitation, airside roading renewals and investment in wildlife initiatives to reduce the risk of a bird strikes such as additional drainage to prevent ponding on the airfield which can attract birdlife.</li> </ul> <p><b>Progress in PSE4</b></p> <p>Activity in PSE4 to date has included the purchase of existing airfield ground lighting assets from Airways Corporation of New Zealand Limited (<b>Airways</b>), installation of airside electric vehicle charging infrastructure, renewal activity of airfield, terminal, utility assets such as fire systems, airbridges, CCTV, lighting, and airside, and</p>
PSE4 variance: (\$49,981k)	
FY23 variance: (\$49,981k)	

	<p>asphalt roading. In addition, Auckland Airport has invested in specialist disabled aircraft recovery equipment which can be used to recover an aircraft in the result of a runway excursion. Investment has also been undertaken to renew and upgrade existing operational and enterprise systems such as the Airport Operating System, the Emergency Services turn-out system, and the Incident Management system.</p> <p>The PSE4 variance to plan is driven by a combination of factors. The extreme weather event experienced in February 2023 diverted terminal project resources to flood response activities. Supply chain delays both in regard to availability of supplier and contractors to undertake planned works and in regard to technology procurement which has delayed a number of initiatives including completion of the aircraft nose in guidance system upgrade and networks upgrades. Design activity taking longer than initially anticipated to ensure an optimal solution was developed in some of the larger renewal projects including stormwater upgrades to prevent water ponding on the airfield and remediation of stormwater ponds.</p> <p>The variances associated with Renewals are considered primarily one of timing and are expected to catch-up across the remainder of PSE4.</p>
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*Note: Figures in brackets denote underspend*



## Section 7: Segmented Information

### *Specified Passenger Terminal Activities*

Revenue from passenger terminal activities was \$162 million in FY23, an increase of \$114 million or 238% versus FY22 reflecting the significant increase in international passengers in the year following the removal of the remaining travel restrictions from July 2022. Prices remained frozen at FY22 levels to support airlines during the early recovery from COVID-19 in this year one of PSE4. The recovery in international travel enabled a reopening of the activities in the international terminal, resulting in lease, rental and concession income increasing 73% to 19 million in the year to 30 June 2023.

Operational expenditure related to terminal activities was \$104 million for the year, up \$46 million or 79% from FY22. This increase was driven by an increased cost base as the organisation scaled-up for the COVID-19 recovery.

The higher operating revenue, partly offset by higher operating expenditure, resulted in a regulatory profit of \$4 million for passenger terminal activities for the financial year.

### *Airfield Activities*

Revenue from airfield activities was \$88 million in FY23, an increase of \$26 million or 42% from FY22 reflecting the increase in aircraft movements from the prior year.

Airfield operational expenditure (excluding depreciation) of \$37 million was \$1 million or 3% higher than FY22.

This resulted in a regulatory profit of \$30 million for airfield activities.

### *Aircraft and Freight Activities*

Aircraft and freight activities generated \$30 million of revenue in FY23, up \$11 million on FY22, mainly reflecting the removal of rent abatements as the COVID-19 recovery gathered pace.

Operational expenditure of \$9 million was \$1 million or 13% higher than FY22.

Revaluations of \$8 million were booked to the regulatory accounts, a decrease of \$1 million on FY22 due to a lower CPI indexation for the year. This resulted in a regulatory profit of \$25 million in FY23, up \$7 million on FY22.

## Section 8: Consolidation statement

Schedule 8 provides a consolidated view of the airport business segment regulatory income and expenses reported in Schedule 2 reconciled against the regulated airport business segment reported under Generally Accepted Accounting Principles (**GAAP**) and versus the full company results under GAAP inclusive of unregulated activities.

### 8.1 Depreciation

Part of the difference between regulatory and GAAP depreciation is due to a requirement under GAAP, for statutory reporting purposes, to depreciate assets from their commissioning date, resulting in depreciation expenses for part years in relation to new assets. The IMs do not allow new assets to be depreciated in the year they are commissioned for regulatory disclosure purposes, resulting in lower regulatory depreciation than GAAP depreciation for those assets.<sup>2</sup>

Another major factor for the difference is due to differences in the revaluation policies for GAAP versus regulatory reporting. Under GAAP, fixed assets have been regularly revalued for financial reporting purposes, which has increased the value of non-land assets and in turn increased the depreciation expense on those assets for financial reporting. For regulatory purposes, the Airport business does not revalue all non-land assets. Only the non-priced Aircraft and Freight assets are revalued as they are not subject to the moratorium on revaluations that applies to terminal and airfield assets for pricing purposes. This leads to a difference in Asset valuation and depreciation expenses between financial and regulatory reporting.

### 8.2 Revaluations

As touched on immediately above, the revaluations for the Airport businesses comprise only a CPI roll-forward for Aircraft and Freight assets as at 30 June 2023 - consistent with the IM determination and Auckland Airport's pricing approach for PSE4. There are no revaluations for airfield and terminal assets in the regulatory accounts.

The statutory consolidated accounts include land revaluation movements within the property, plant and equipment portfolio (\$15.6 million decrease) and unregulated investment property (\$139.7m decrease). No other assets were revalued in the statutory accounts at 30 June 2023. The revaluations booked to the statutory accounts are not used for regulatory reporting nor setting aeronautical prices.

The valuation approach for determining fair value of an asset under GAAP for statutory reporting is determined, where possible, by reference to market-based evidence such as sales of comparable assets. Where fair value of the asset is not able to be reliably determined using market-based evidence, discounted cash flows, or optimised depreciated replacement cost is used to determine fair value. Assets acquired or constructed after the date of the latest revaluation are carried at cost, which approximates fair value.

### 8.3 Tax expense

The regulatory disclosures adopt a tax payable approach (per the IM determinations). Since Auckland Airport has tax losses available from prior periods, in FY23 there was no tax payable, and the regulatory tax expense was nil.

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<sup>2</sup> The draft decisions on the 2023 IM Review propose changes to allow for assets to be depreciated in the year they are commissioned on a pro-rated basis. This change would be applied in future years if carried through to the updated Input Methodologies.

The GAAP expense on the other hand includes deferred tax income, arising from the loss, partially offset by normal deferred tax expense related to tax timing differences. The tax loss for the Airport Businesses also includes a notional interest deduction as calculated in Schedule 3(b)(iv), whereas the GAAP tax expense reflects actual interest revenue and expenses incurred.

#### **8.4 Property, plant, and equipment**

As noted above, the GAAP values for property, plant and equipment are carried at fair value including periodic revaluations.

As noted above in 8.2, for regulatory purposes, only aircraft and freight assets are revalued using a CPI roll-forward approach. There are no revaluations for airfield and terminal assets.

A difference also arises in relation to assets held for future use, which are excluded from "Airport Businesses" but included in "Airport Businesses - GAAP" column. The final differences relate to depreciation differences noted in 8.1 above.

#### **8.5 Total operating expenditure – write-offs, impairment, and termination costs**

During the year ended 30 June 2023, Auckland Airport's financial statements recognised minor changes to its previous estimates of capital work in progress impairments and write-offs.

The impact of work in progress write-offs is included in regulatory profit under 'Airport Businesses', whereas the impact of impairments booked through the statutory financial statements is excluded from regulatory operating expenses on the basis that they are unrealised and may reverse in future for any projects that are ultimately completed and commissioned. Accordingly, the projects also remain in works under construction for regulatory reporting and will only be written-off if a decision is ultimately made to abandon a project.

The regulatory impact of work in progress write-offs in the year ended 30 June 2023 was to book an additional write-off of \$2.1 million for discontinued projects.

Statutory financial statements work in progress impairment costs of \$1.9 million, recognised at 30 June 2023, are disclosed as 'regulatory/GAAP adjustments' in Schedule 8 (30 June 2022: \$6.1 million).

## Section 9: Asset Allocations

### *Methodology*

Auckland Airport's asset allocation methodology involves the following key steps:

- (1) reviewing assets initially at the business unit level and then by exception at the asset type level. The business unit provides insight into the activities or services enabled by the asset;
- (2) identifying business units whose assets are directly attributable to Specified Airport Activities and directly attributing their assets accordingly; and
- (3) identifying business units whose assets are indirectly attributable to Specified Airport Activities (i.e., that are common or shared) and allocating a share of those assets to Specified Airport Services using causal or proxy cost allocators.

The Asset Allocators table in Schedule 9a of the Disclosure statements summarises the common assets that have been shared across two or more regulated activities, or across both regulated and non-regulated activities.

### *Activity in 2023*

Asset allocation percentages have changed based on updated inputs. Further detail of the impacts of updated space-based allocations for the ITB are outlined above in the commentary to Schedule 4.

## Section 10: Cost Allocation

### *Methodology*

Auckland Airport's financial reporting system groups costs into several business units reflecting the various aeronautical and non-aeronautical business activities undertaken. For the purposes of allocating costs in the disclosure reports, Auckland Airport has apportioned each business unit's operating expenses across both regulated and non-regulated activities. This was performed as follows:

- (1) identified the activities undertaken by each business unit;
- (2) identified business units whose costs are attributable to a single regulated aeronautical activity and directly attributed those costs to those activities accordingly;
- (3) identified business units whose costs are shared across more than one regulated activity and/or between regulated and non-regulated activities and allocated a share of those costs per bullets (1) and (2);
- (4) used causal allocators where appropriate to allocate common costs across regulated and/or non-regulated activities;
- (5) allocated the remainder of common costs using proxy allocators;

The report on cost allocations lists the costs and describes the allocators used for those business units whose costs are either shared within regulated activities or shared across both regulated and non-regulated activities. A more detailed description of key cost allocators follows:

- a) the company-wide rule is used to apportion the shared costs of business unit activities that support both regulated and non-regulated activities. This rule comprises the following two components. The first component uses the share of the international terminal building space (ITB space) to proxy a fair share of regulated costs and non-regulated costs. The second component splits the regulated costs across terminal and airfield activities based on the aeronautical revenues split rule;
- b) the aeronautical revenues split rule is used to apportion shared aeronautical costs across the three regulated activities. This rule is calculated based on the split of directly attributed aeronautical revenues from the three regulated activities;
- c) Airfield and Terminal revenues are used to share costs associated within regulated activities that are common to airfield and terminal activities, but not to aircraft and freight (for example for aeronautical pricing purposes);
- d) the employee time split rule is used to apportion the shared costs of business units whose expenses are dominated by employee-related costs. The apportioning between regulated and non-regulated activities is based on salary-weighted time splits and it differs between business units reflecting the differing responsibilities and activities of staff within each business unit;
- e) the utilities rule allocates electricity, water and gas charges that are booked to internal business units across regulated and non-regulated activities based on those business units' individual allocation rules. All external utilities charges are classified commercial direct (non-regulated activities). The assets and costs of the utilities business units are split according to the same proportions;
- f) the stormwater and wastewater rules are only used to allocate the operating cost of the

stormwater and wastewater business unit. This is necessary because operating expenditure is not managed discretely between stormwater and wastewater. Therefore, a weighted average combination of the underlying asset rules is used to allocate the operating expenses of this business unit. The key steps are as follows:

- (i) the stormwater rule examines sealed (impermeable) surface area usage between regulated and non-regulated activities;
  - (ii) the wastewater rule examines metered water usage between regulated and non-regulated activities; and
  - (iii) the two rules are combined based on the relative book value of the stormwater versus the wastewater assets and the underlying rules in order to allocate the operating expenses associated with this business unit.
- g) roadways are apportioned across regulated and non-regulated activities based on the regulatory coding of individual roading assets. Individual roading assets comprising the roading network (e.g., paved areas, curb side and footpaths) have been given regulatory codes, in most cases reflecting the location and primary usage of those assets. Operating expenses associated with roads that primarily carry traffic to and from the international terminal are allocated across a range of regulated and non-regulated activities using the roadways rule;
- h) engineering and support services costs are allocated across regulated and non-regulated activities based on a two-step process:
- (i) first, the internal repairs and maintenance charges to business units are summed by internal business unit; and
  - (ii) second, the allocation rule is calculated based on the product of the charge by business unit and the default rule associated with each business unit (e.g., direct or otherwise).

#### *Activity in 2023*

There has been no material change to the approach of cost allocations from FY22.

Costs directly attributable to airport business increased to \$68 million in FY23, from \$44 million in FY22 reflecting the scaling up of the business to support the recovery in travel.

The majority of the movement in directly attributable costs resides in the Asset Management & Airport Operations category. Variable costs such as contracted services (cleaning and repairs & maintenance) grew as activity at the airport recovered.

## Section 11: Reliability Measures

### 11.1 Reliability

To provide the most appropriate context for readers, Auckland Airport views reliability as the time that the material service is available. For the year ended 30 June 2023, the percentage of time that Auckland Airport's material services were available is summarised in Table 9 below:

**Table 9: Reliability measures**

Service	Availability
Runway	99.990%
Taxiway	100.000%
Remote stands and means of embarkation/disembarkation	100.000%
Contact stands and air-bridges	99.640%
Baggage sortation system on departure	99.712%
Baggage reclaim belts	99.666%

### 11.2 Interruptions

Auckland Airport captures and records outages to its services through its fault management system. Each outage that occurs is evaluated by Management to determine whether it meets the criteria for a reportable interruption. The assessment is undertaken in accordance with "Appendix C: Reliability Conditions for Disclosure" of the Information Disclosure (Airport Services) Reasons Paper published by the Commission on 22 December 2010.

Auckland Airport reports interruptions for each of the material services set out in Table 9 above.

#### *January 2023 flooding*

On 27th January 2023, Auckland received its highest ever recorded level of rainfall in a 24-hour period, which came on top of an already wet summer. Flooding around the city was widespread, with multiple lives lost in the floods and landslides that occurred over the Auckland Anniversary weekend.

Auckland Airport received over 200mm of rainfall in a single day with 132mm of rainfall in a particularly intense two-hour period prior to 8:30pm in the evening of 27<sup>th</sup> of January. The intensity of the flooding was felt across the airport precinct with the worst impacts inside the International Terminal, where flooding halted all passenger processing and restricted aircraft movements. With the local transport networks also disrupted, and accommodation across the city limited, many passengers slept in the International Terminal. The flooding also impacted the whole aviation network, with many long-haul flights diverting and several flights having to return to their place of origin.

As a result of water inundation, the terminals were closed on Friday evening of 27 January 2023 for departing passengers. Domestic services resumed on Saturday morning with international services recommencing on Sunday midday. With the terminal closed a 'Notice to Airmen' was issued closing the airport to arriving passengers and with it, check-in and baggage services. The generosity and teamwork of Auckland Airport employees, contractors and airline partners in response to the event ensured domestic travel was able to resume after approximately 15.5 hours and international flights after 31 hours.

On 27th January 2023, the Airport's runway was closed for 52 minutes to effect repairs to some lighting. Later that evening, flooding in the international terminal then resulted in its closure.

Despite the heavy rainfall, Auckland Airport’s taxiways, remote stands, contact stands and airbridges were available throughout the event. However, the closure of the terminals effectively resulted in the baggage systems and airbridges not being available for use for a period of approximately 47 hours across the domestic and international terminals over that weekend. This amounted to a total of over 945 hours across 22 contact stands, 7 baggage claim and 5 baggage sortation systems of terminal asset unavailability over that weekend.

*Cyclone Gabrielle*

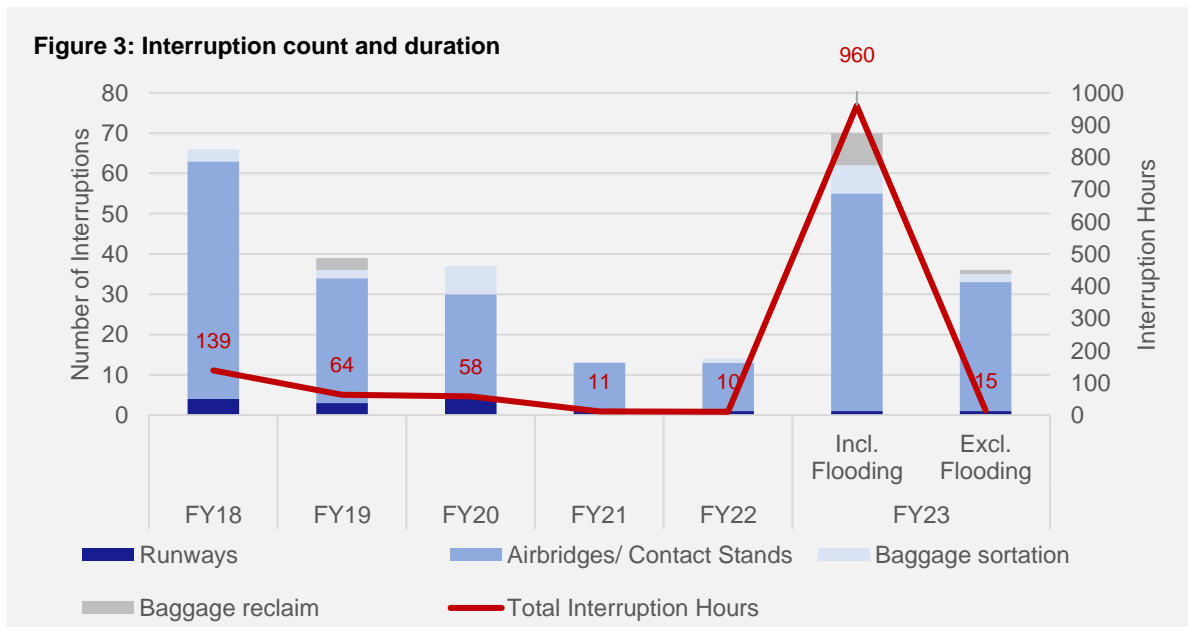
Two weeks after the January 2023 flooding, Cyclone Gabrielle brought high winds making the airfield unsafe for ground handling and baggage operations. Auckland Airport did not record any interruptions to the availability of its infrastructure associated with Cyclone Gabrielle.

Details of interruptions for each material service areas other than relating to the January flooding and Cyclone Gabrielle set out below discussed in the following sections.

*Other interruptions*

Excluding the impact of the January 27 flooding, there were 36 reportable interruptions in FY23, 22 more interruption compared with FY22, marginally lower than the level of interruptions seen in FY19 but down 30 interruptions from the PSE3 peak of 66 in FY18. The number of interruption hours increased from circa 10 hours in FY22 to circa 15 hours in FY23, but were significantly down on the 139 hours in FY18, illustrating the Airport’s improved ability to resolve interruptions and down on the 64 hours for 39 interruptions seen in FY19.

Refer Figure 3 below that outlines the number of interruptions at Auckland Airport and their associated cumulative duration.





### *Baggage*

With the terminals closed due to flooding and the subsequent clean up, baggage systems were unavailable during this period. When the terminals reopened, alternate processes were put in place by airlines, ground handlers and Auckland Airport to enable the baggage sortation system for departures to function. Baggage reclaim services were available following the reopening of the terminals.

Excluding the 27 January weather event outlined above, there were three other outages in the year to 30 June 2023 relating to the baggage systems, one for baggage reclaim and two for the baggage sortation system on departure. These outages did not cause any interruptions to service and had no impact on on-time departures.

### *Contact stand and air-bridge performance*

In the year to 30 June 2023, Auckland Airport continued a programme of more preventative maintenance and regular servicing to maintain a high level of airbridge and contact stand uptime. In addition, Auckland Airport continued to improve older equipment with one international airbridge updated in the year.

However, with the recovery in aviation, there was an increase in the utilisation of airbridges and as a result, interruptions in the year. For the year to June 2023 excluding the 27 January weather event, there were 32 interruptions to contact stands and air-bridges totalling 13.7 hours, a 40% increase than the year before. Auckland Airport was responsible for 24 of the 32 interruptions in the year.

The 32 interruptions resulted in 12 on time departure delays in FY23 for a total of 9.4 hours of disruption. Of these on time departure delays, Auckland Airport was responsible for 7 of the delays that totalled 7.1 hours.

The installation of new nose-in guidance units is planned for the year to 30 June 2024 alongside the replacement of two airbridges in the international terminal.

### *Taxiway performance*

Throughout the financial year, a series of planned works were conducted to renew pavement and facilitate the upgrade of the airside fuel network. Excluding these works, there were no interruptions in the year.

## **11.3 On-time departure delays**

The Determination defines on-time departure (**OTD**) delays for the purposes of information disclosure reporting as occurring when a scheduled service has been delayed by more than 15 minutes, primarily as a result of an interruption to specified airport services. The OTD delays reported are therefore only a subset of all on-time departure delays that occur.

OTD delays relating to interruptions have been captured in the fault management system. All OTD delays that are visible to the apron tower are logged in the system. Management conducts regular reviews to ensure that on-time delays are correctly captured.

The 27 January weather event resulted in the cancellation of 123 scheduled departures during the period that the domestic and international terminals were closed. Of the twenty scheduled departures during this period, fifteen of which were delayed by greater than 15 minutes for a total time of 55 hours.

Given the disruption of the 27 January weather event, the data set out below excludes OTD delays during the event.

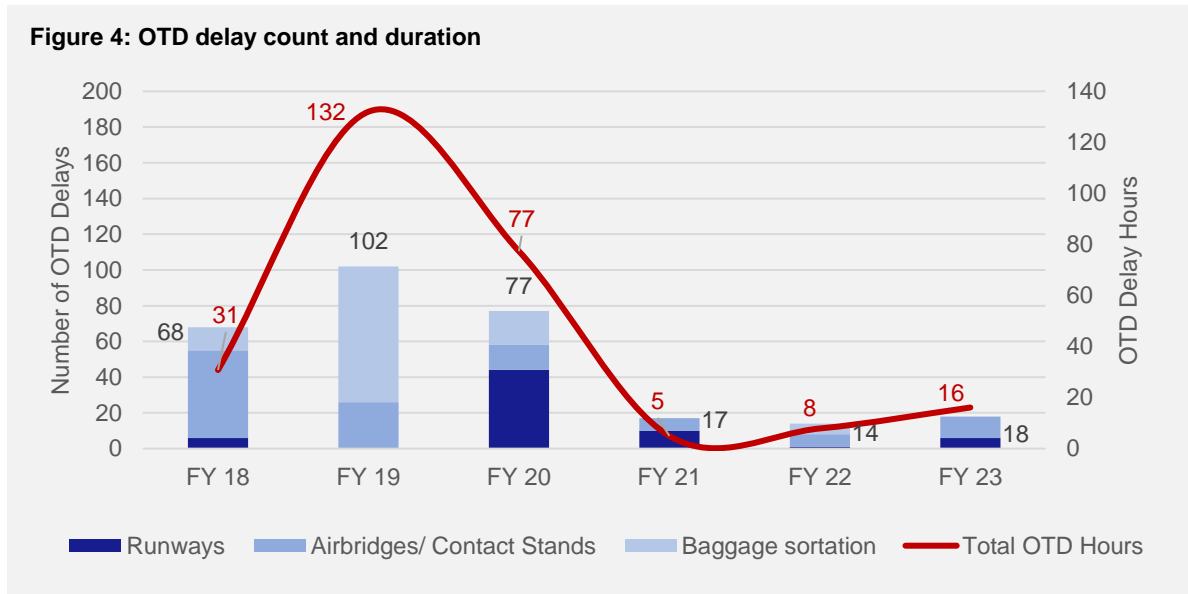
In FY23, Auckland Airport had 18 OTD delays caused by either Auckland Airport or airlines/third party. Refer Table 10 below for a summary the OTDs by asset category.

**Table 10: OTD delays caused by interruption**

Asset category	Airport responsibility		Airlines / Others responsibility	
	Flight delay count	OTD hours	Flight delay count	OTD hours
Baggage sortation	-	-	-	-
Contact stand / airbridge	7	7.1	5	2.3
Runways	-	-	6	6.7

Auckland Airport was responsible for 7 of these delays representing 7.1 OTD hours in total, accounting for 39% and 44% of the total OTD count and duration respectively.

Figure 4 below outlines how the 18 OTD delays totalling 16 hours in FY23 compares to the prior years of PSE3.



**11.4 Fixed electrical ground power units**

Fixed electrical ground power units (**FEGP**) interruptions have been captured by matching the outage data from the fault management system with data on when airlines were using stands with FEGPs. If an outage over 15 minutes coincided with a time when the FEGP was required by an airline, it was recorded as an interruption.

The percentage of time FEGP's were available in FY23 was 99.975%, an improved result from the 99.954% last year.



## Section 12: Capacity utilisation indicators for aircraft, freight, and airfield activities

In 2023's busy hour<sup>3</sup>, there were 36 runway movements, 5 more than FY22, but below the declared runway capacity of 45 movements per hour.

International and domestic total aircraft movements increased significantly in 2023 over the prior year reflecting the recovery in travel activity following the removal of travel restrictions both in New Zealand and around the world. Total aircraft movements on the 2023 busy day reached 468, marking an increase of 97 movements over the prior year.

### *Declared runway capacity*

The declared runway capacity in 2023 remains unchanged, with rates set at 45 movements per hour under visual meteorological conditions, 38 in instrument meteorological conditions, and 22 in low visibility conditions.

There are periods of the day where Airways and Auckland Airport can achieve greater movements per hour than what is reported in this schedule. However, aircraft movement rates exceeding the declared capacity are not sustainable for extended periods.

Auckland Airport continues to explore opportunities with Airways and airline to enhance runway capacity.

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<sup>3</sup> Runway busy hour represent the 85<sup>th</sup> percentile of the highest number of flights processed per hour on the runway in any hour of the year

## **Section 13: Capacity utilisation indicators for specified passenger terminal facilities**

With travel restrictions removed, it was pleasing to see the return of travel with 15.9 million passenger movements through the terminals in the year, up from 5.6 million in FY22. International passenger movements (including transits) increased by to 7.8 million, and domestic passenger movements increased to 8.1 million.

By 30 June 2023, Auckland Airport was served by 25 international airlines, flying to 40 international destinations, up from 17 international airlines and 28 international destinations the previous year.

### *Terminal zones*

There were no significant changes in FY23 to terminal zone configurations at either the international or domestic terminals.

### *Floor space*

There were no significant changes in FY23 to floor space at either the international or domestic terminals.

## Section 14: Passenger satisfaction indicators

### Key points:

- Passengers rated the domestic terminal at an average ASQ score of 3.8 out of 5.0, 0.3 points lower than prior year average.
- Passengers rated the international terminal at an average ASQ score of 4.0 out of 5.0, same as the prior year average

### 14.1 Survey methodology

Auckland Airport's primary independent measure of passenger satisfaction is the Airport Service Quality Survey (**ASQ**).

Auckland Airport conducted in-terminal surveys throughout the year in line with the sampling guidelines prescribed by ACI (Airport Council International). These guidelines outline the procedures to be followed when implementing the sample plan and conducting traveller interviews. A reference to the copy of the field work requirements can be found on Auckland Airport's website located at:

<https://corporate.aucklandairport.co.nz/news/publications/regulatory-disclosures>

Auckland Airport collects completed survey responses from 250 travellers at the domestic terminal and 250 travellers at the international terminal each quarter of the year.

Traveller responses to each question in the ASQ survey are gathered according to a five-point scale as follows:

1 = poor, 2 = fair, 3 = good, 4 = very good, 5 = excellent.

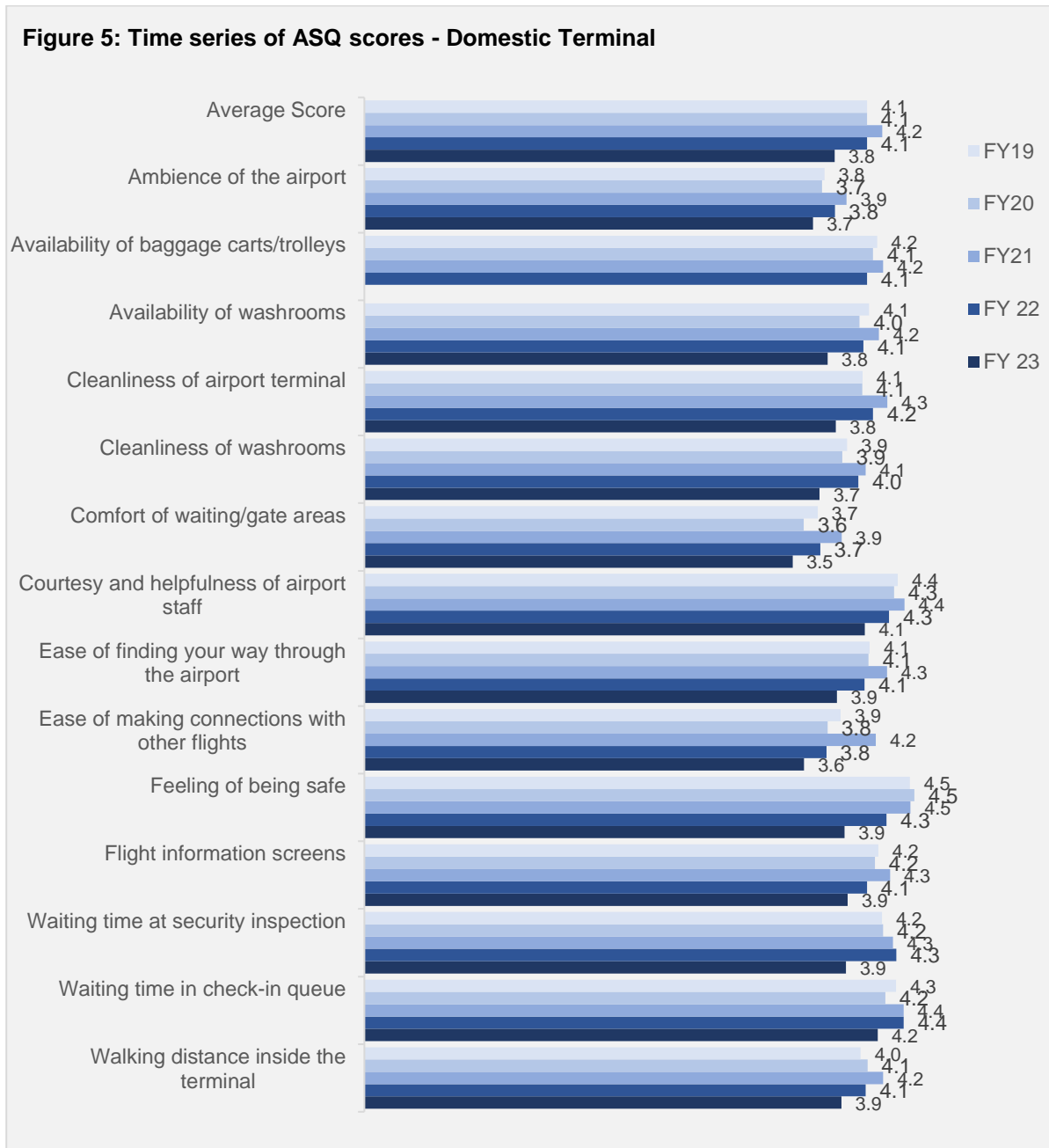
The quarterly score disclosed for each question is the weighted average of the responses. While the tables in Schedule 14 state the scores for each quarter, Auckland Airport monitors responses using a four-quarter rolling average which gives a statistically significant result (by contrast the quarterly sample does not).

Overall, the surveys have a margin of error, therefore, as a general principle, year on year score changes of less than 2% are deemed statistically insignificant. In addition, some key indicator scores are sensitive to seasonality reflecting the timing of holidays and passenger volumes which may affect the weighted average scores for FY23.

Each quarter Auckland Airport undertakes a detailed review of the survey scores. The results are fed into business activities and process improvement initiatives through an internal Customer Experience Steering Group. For regulatory purposes the Commission requires Auckland Airport to report on 14 indicators that are specific to the domestic passenger journey and 15 key indicators that are specific to the international passenger journey.

### 14.2 Domestic terminal surveys

Auckland Airport’s 57-year-old domestic terminal does not meet the expectations of travellers today and as a result travellers have rated it at an average ASQ score of 3.8 out of 5.0 in FY23, 0.3 points lower than the prior year average. With the domestic terminal now reaching capacity, development of a new domestic terminal is essential to deliver on customer expectations. Without this continued investment, the airport system will degrade and the customer experience deteriorate. Figure 5 below sets out the domestic terminal’s 14 regulated indicator scores<sup>4</sup>.



The ratings for 13 key metrics (availability of baggage carts and trolleys ceased being reported on from FY22) dropped relative to the prior year. Consistent with trends seen across New Zealand and the world post the pandemic, Auckland Airport and our government partners continued to struggle with

<sup>4</sup> The ASQ score for Availability of baggage carts and trolleys ceased being reported on from FY22

staffing shortages for most of the year. Consequently, satisfaction ratings for waiting time at security inspection witnessed the biggest decline (-0.40 points) relative to the prior year.

These macroeconomic conditions also affected our retail tenants and cleaning contractors as they too struggled to find staff to cover their usual hours of operations, and so the satisfaction ratings for metrics like ambience (highly correlated with the availability of ample food and beverage/retail outlets) and washroom cleanliness declined -0.18 and -0.30 points respectively this year. As the passenger volumes increased and the pandemic restrictions eased off, our travellers' nervousness around safety continued to increase. Therefore, the ratings for general safety declined by 0.30 points relative to the prior year. Back-to-back extreme weather events in January and February 2023 led to several flight cancellations and general disruption, which may have also had an impact on the overall sense of safety experienced by travellers.

As the airport's operations go back to a business-as-usual state and Auckland Airport's partners (tenants, AvSec, cleaning contractors etc.) roster more balanced staff numbers, we expect these scores to recover.

**Benchmarking**

Auckland Airport compares its ASQ scores in the domestic terminal to the score average of our peer group of 22 other airports. The set of comparator airports was updated after the pandemic to ensure comparison with airports in three broad categories:

1. airports with similar characteristics (CHC, WLG, SYD, ADL, DUB, CPH, YUL, ZRH, MXP, YVR);
2. much larger airports (LHR, MUC, MAD, SFO); and
3. key destinations from AKL (IAH, SIN, BKK, KUL, HKG, PVG, PKX, CAN).

Figure 6 compares average scores of the Auckland Airport domestic terminal with the average scores of the custom panel.



The domestic terminal underperformed relative to the benchmarks in FY23 on all 13 categories, illustrates the importance for Auckland Airport to develop a new domestic solution that meets travellers

expectations. It is important to note that the availability of baggage carts/trolleys is not reported on as part of the ASQ departures survey, so comparisons for the metric are unavailable. The categories that underperformed most severely are:

- comfort of waiting/gate areas (-0.60 points relative to panel average);
- ambience of the airport (-0.59 points relative to panel average);
- availability of washrooms (-0.48 points relative to panel average); and
- cleanliness of washrooms (-0.47 points relative to panel average).

The decline in the domestic terminal's performance in these areas is directly attributable to rapidly increasing passenger volumes as domestic travel sprung back to almost pre-pandemic levels but inadequate staff to provide core services like cleaning, or customer service at food and beverage outlets. Further analysis of textual feedback in the ASQ surveys has highlighted that traveller dissatisfaction with the comfort of waiting areas is mainly due to lack of comfortable seating for different group configurations and unavailability of charging stations.

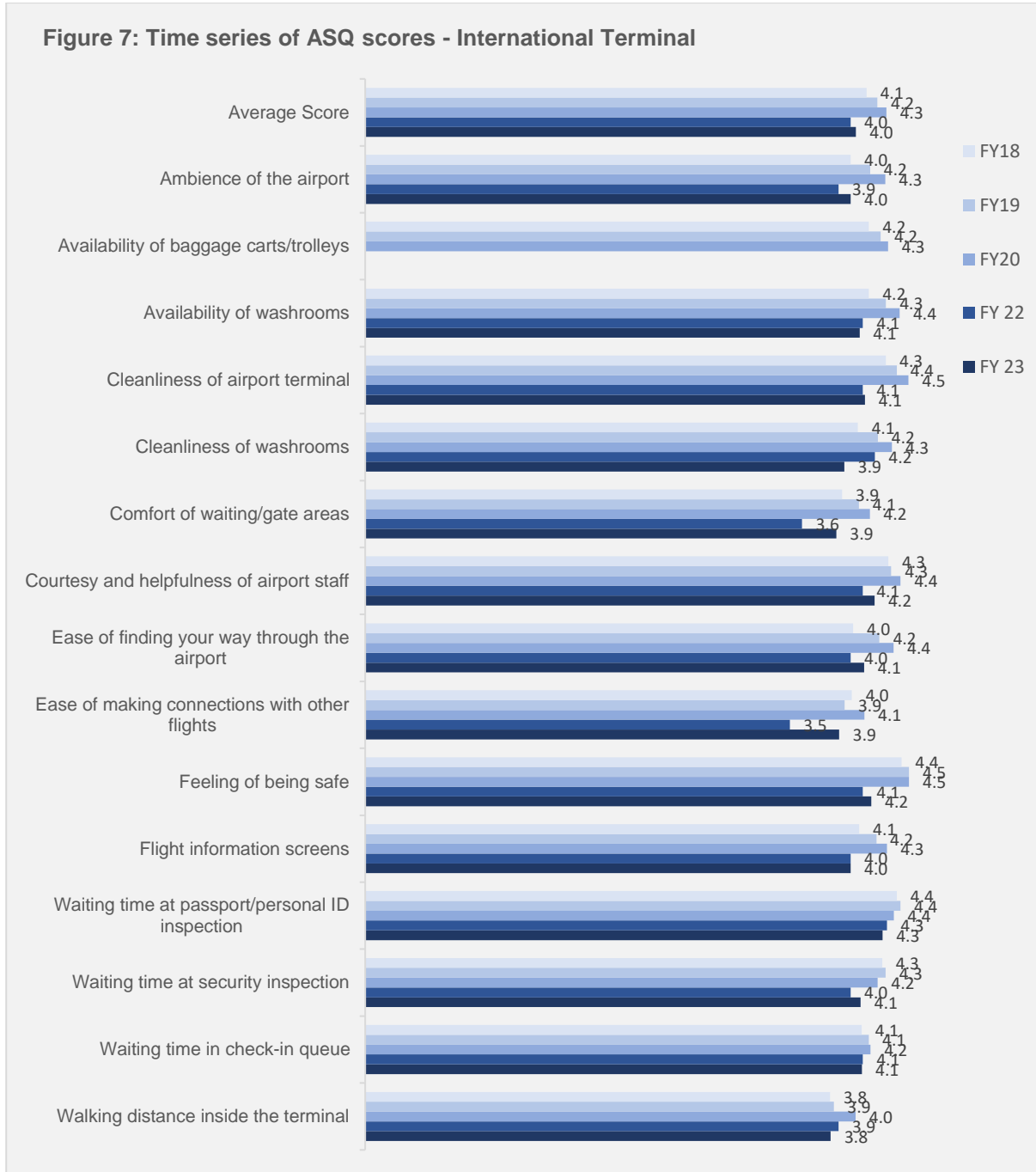
Auckland Airport staff are working on this area and expect new seating options and charging stations to be installed in the domestic terminal by the end of March 2024. In addition, we are currently undertaking a refurbishment of the landside bathrooms in regional and jet baggage claim areas and expect these interventions to have a positive impact on the overall scores for comfort of waiting/gate areas and ambience.

We are also well underway with the planned delivery in 2028/29 of a totally new domestic terminal that's integrated with, and located at the eastern end of, the existing international terminal.



### 14.3 International terminal

ASQ surveys for the International Terminal resumed fully in FY23 as all travel restrictions were removed<sup>5</sup>. Figure 7 below outlines the ASQ scores for the current year and prior five year periods.



Compared with the prior year (when ASQ surveys at the ITB were conducted only in the final quarter once the New Zealand border opened), traveller ratings have fallen across 5 metrics. The biggest decline was seen across:

<sup>5</sup> ASQ surveys associated with the International Terminal departures were suspended for FY21 due to the impact of travel restrictions associated with the COVID-19 pandemic. The ASQ score for Availability of baggage carts and trolleys ceased being reported on from FY22

- cleanliness of washrooms (-0.25 points);
- walking distance inside the terminal (-0.06 points);
- waiting time at passport/border control (-0.04 points);
- availability of washrooms (-0.03 points); and
- waiting time in check-in queue (-0.01 points).

Of these, only the decline in cleanliness of washroom ratings is statistically significant. Auckland Airport's cleaning contractors struggled to find enough staff through the first half of the year, which contributed to a dip in the quality and frequency of cleaning of the washrooms in the international terminal. As some of the labour pressures ease, we have seen this category recover in the first quarter of FY24 and Auckland Airport has invested more in this area to improve outcomes for travellers.

The biggest statistically significant improvement was seen in ease of making connections with other flights (+0.41 points), which is directly attributable to an increase in international airlines resuming their operations from/to Auckland Airport. The next biggest positive change was seen in ratings for comfort of waiting areas (+0.28 points), which is linked to the reopening of food and beverage outlets at the international terminal, which gives travellers more choice in terms of how and where they want to spend their dwell time before boarding. Ease of finding way (+0.11 points) and courtesy and helpfulness of airport staff (+0.10 points) also improved. The former is attributable to enhanced signage across different touchpoints within the terminal and precinct, while the latter is linked to an increase in our Guest Experience staff in the terminal. There is also a strong correlation between scores for ease of finding way and courteousness/helpfulness of staff, as travellers often rely on human help when they find it difficult to navigate in the terminal. It is important to note that the ASQ surveys do not measure the availability of baggage carts and trolleys anymore, so year on year comparisons for this metric are unavailable.

### *Benchmarking*

Auckland Airport compares its ASQ scores in the international terminal to the score average of our peer group of 22 other airports. The set of comparator airports was updated after the pandemic to ensure comparison with airports in three broad categories:

1. Airports with similar characteristics (CHC, WLG, SYD, ADL, DUB, CPH, YUL, ZRH, MXP, YVR)
2. Much larger airports (LHR, MUC, MAD, SFO)
3. Key destinations from AKL (IAH, SIN, BKK, KUL, HKG, PVG, PKX, CAN)

Figure 8 compares average scores of the Auckland Airport international terminal with the average scores of the custom panel.

The International Terminal underperformed relative to the benchmarks in FY23 on all 14 categories. It is important to note that the availability of baggage carts/trolleys is not reported on as part of the ASQ departures survey, so comparisons for the metric are unavailable. The categories that underperformed most severely are:

- ease of making connections with other flights (-0.43 points compared to panel average); and
- availability of flight information (-0.33 points compared to panel average).

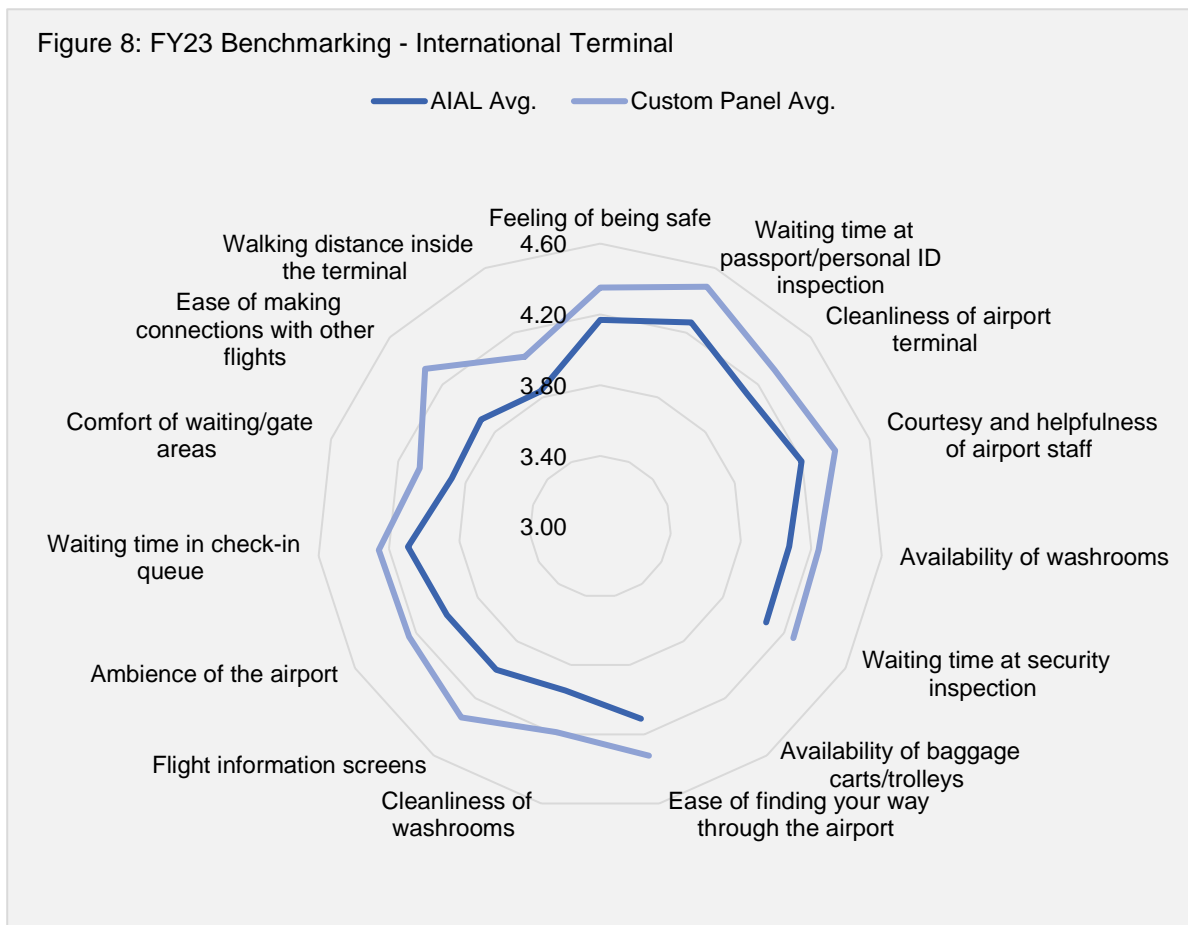
Further analysis shows that there is a high correlation between the scores for these two categories as without sufficient and accurate information about flights, travellers experience more friction in making connections. Based on feedback as part of the ASQ surveys, Auckland Airport and airline partners have implemented an operational change (effective May 2023) to display boarding gate numbers on flight information screens 120 minutes before departure (relative to 60 minutes before departure

previously) and an additional message stating “Gate information will be available after security” as this will encourage travellers to move through the departure process with more clarity.

Satisfaction ratings for ease of making connections with other flights was lower (-0.43 points) than the panel average. Back-to-back extreme weather events in January and February 2023 led to several flight cancellations and general disruption, which was even more heightened for international travellers. The scores for this category, therefore, suffered during the peak travel summer season.

Satisfaction ratings were also low for categories like ambience (-0.25 points relative to panel average), cleanliness of washrooms (-0.24 points relative to panel average), wait time at passport/personal ID inspection (-0.22 points relative to panel average) and wait time at security inspection (-0.18 points). These trends are directly related to staffing shortages across all parts of the airport (i.e., cleaning contractors, AvSec, MPI and other government partners, food and beverage, and retail operators), which directly impacted the opening hours of Auckland Airport’s retail tenants and overall cleanliness and look/feel of the terminal.

To address the situation, Auckland Airport is underway with a programme to either totally refurbish or upgrade all landside bathrooms in the international terminal. In addition, Auckland Airport has been working on initiatives like the job fair and Ara Hub as helping our partners fill vacant roles has been a top priority for the airport. The ground floor of the International Terminal also suffered significant flood damage after the back-to-back extreme weather events in January-February 2023, and works are underway to rectify and give the damaged areas a facelift.



## Section 15: Operational improvement processes

With the recovery in travel underway, Auckland Airport's operational focus in the year to 30 June 2023 has been on operating the airport during the ramp up in aviation activity and the actions that scaling operations necessitates.

Auckland Airport has noted at times during the year to 30 June 2023 that the airport system has not operated to the standards that we and our customers expect. Recognising this, Auckland Airport, in conjunction with our airport partners has undertaken a range of activities to improve the airport system, which results in some cases improvements to the traveller experience.

### 15.1 Enhancing system performance

#### *Baggage Handling System*

In FY23, Auckland Airport fast tracked an asset replacement and resilience project and brought forward planned technology upgrades to the baggage system at the international terminal. Back-of-house technology such as "lift assist" and "batch loader" devices controlled with a joystick were introduced to help ground handlers in what is a very physical job.

Work continued in the year on the construction of the new Eastern Bag Hall which will provide three new carousels as well as an early component of the new individual carrying system, which allows for early bag storage and all-day check-in facilities for travelers. The new smart baggage system is expected to use 50% less power to process each bag compared to a conventional conveyor-based system and brings several enhancements to the baggage area, improving the environment for those working there. The new Eastern Bag Hall 1<sup>st</sup> phase was completed in FY23 with subsequent phases to come during PSE4.

#### *Operations Control Centre*

Since 1992, Auckland Airport's Operations Control Centre (**OCC**) had been operating from a site adjacent to the existing international terminal building. During the year, the OCC was demolished to make way for the integration of the new domestic terminal into the existing international terminal building.

The upgraded OCC situated in the international terminal building is a modern facility, with double the physical space with an improved collaborative working environment that manages all the operational touchpoints across the airport precinct. The upgrade to both the physical space and the supporting technology was a step-change for the operations team. A 21-square-metre video wall provides a constant feed of data on flight schedules, key functions and processes and passenger flows. The public address, audio visual and conference systems were upgraded for clearer communications and are more resilient for the 24/7 nature of airport operations.

The facility also caters for a greater collaboration space, not just with airport staff but with key stakeholders in the airport system, combined with vastly improving the briefing room for the emergency operations centre.

#### *Airside to Landside access*

The opening of a new Checkpoint Charlie has made airside to landside access more efficient and enables further upgrades in security management of airside access. With more than 120 vehicle movements per hour, this checkpoint is Auckland Airport's main access point between landside and airside for all airside goods and deliveries, such as fuel, in-flight meals, flight baggage and airside

security. The upgraded checkpoint is part of Auckland Airport's wider terminal integration work around reconfiguring the airport for the future integration of the domestic jet and international terminals.

## 15.2 Customer experience

A large part of the year to 30 June 2023 was focussed on ensuring the airport system returned to its pre-COVID rhythm. Resourcing challenges affected not only Auckland Airport, but a number of our partners who also operate at the airport and bring to life the customer experience. We used the insights from the travelling public to prioritise our focus areas.

### *Wayfinding*

Insights indicated a need to lift the 'Ease of finding way' indicator. Activities around wayfinding improvements included clear signage on customer pathways to/from the terminals, improved visibility of the lifts and escalators in the check-in area taking customers to the departures level and timing changes to when information of departure gates were given to customers.

### *International arrivals*

The reopening of New Zealand's border and the strong rebound in international travel globally has seen the airport ecosystem under pressure, with consequent customer arrival journey times not being satisfactory. To lift and improve the performance, Auckland Airport initiated a sprint squad to identify initiatives that would deliver meaningful improvements for passengers.

The initial sprint enabled solutions to be implemented in a 6-week timeframe to improve the experience in time for school holidays. The participants of squad included Auckland Airport, Air NZ, Customs, Ministry of Primary Industries (MPI), and AvSec. The outcomes included dedicated arrival queuing lanes for New Zealand and Australia passport holders, improved effectiveness of baggage carousel systems, and increasing traveller flow by reducing the number of trolleys in the arrival hall.

A subsequent sprint is planned that will focus on developing a robust data-based framework to support proactive decision-making when the system is under pressure, and to review and optimise the arrival hall to support passenger experience and flow. This will include queuing requirements and additional exits to support a low-risk passenger pathway without compromising border integrity.

Work continues on other initiatives including increasing customer service presence at peak periods, reviewing public messaging announcements, increasing digital screens to improve wayfinding, increasing size of MPI dog lanes to allow more dogs, and increasing security presence.

### *Existing domestic terminal building*

The existing domestic terminal building dates back to the 1960s. Recognising Auckland Airport needs to continue to operate domestic services from the existing terminal for the next five years, we started on a programme of work to lift the customer experience in the terminal. Planning was undertaken in the year on the upgrade of bathrooms at the regional departures end of the terminal, including male, female, gender neutral, accessible and a family room facilities with construction commencing in July 2023. This programme of work continues during the year to 30 June 2024 with upgrades to other bathrooms in the domestic terminal as well as enhancements to wayfinding both inside and outside the terminal.

### *Transport Hub*

Construction of the new Transport Hub has commenced with significant progress made in the year. Far more than a carpark, the Transport Hub will create a seamless arrival and departure experience

for customers, including an undercover connection to the international terminal and vehicle lanes through the ground floor of the building to create a modern pick up and drop off zone for commercial and public transport. The new public pickup/drop off zone will open in March 2024, with the final stages of the four-storey building completed between September and November 2024. In addition to the Transport Hub, we've also set aside land for an integrated mass rapid transit station, to future proof for rapid transit to and from Auckland Airport to the wider Auckland transport network.

### 15.3 Health, safety and wellbeing

Auckland Airport is a 'Port of First Arrival' and major infrastructure operator; therefore, the health, safety, wellbeing and security of our people, airport workers, customers and visitors to the precinct is our first priority. We have a key role to play in protecting New Zealand and its people from diseases and biosecurity threats.

In the year to 30 June 2023, Auckland Airport made significant progress in our health, safety, and wellbeing strategy by shifting from a destination zero harm approach to a people-first culture. This shift recognises the value of our people - employees, contractors, and stakeholders - and ensures we provide them with a safe and healthy working environment.

Critical risk effectiveness workshops were initiated, laying the groundwork for effective management of our critical risks.

Auckland Airport hosted and participated in various safety-focused campaigns and events, such as Airport Safety Week, Ramp Up & Ready fortnight, Contractors Forum, Mental Health Awareness Week, and OCP coffee & Chat sessions.

Just Culture was redesigned to align with our core values, and the new application was implemented across the business. This began our journey towards creating an environment of psychological safety, with a roadshow to introduce the new application to the entire organisation, which promoted recognition equally when things 'go good'.

Terminology changes were implemented to foster a continuous improvement mindset, encouraging the identification and learning from "learning events" which were shared across the business.

Ongoing efforts were dedicated to enhancing our response and resource allocation for potential natural disaster events following two flooding events.

A significant milestone was reached by the Permit to Work team, issuing 400 permits in a single month. This demonstrates the increased infrastructure and high-risk work in the airport vicinity, supported by a skilled team to accommodate further projected growth.

### 15.4 Sustainability

#### *Transitioning from gas to electric*

Natural gas is a substantial contributor to Auckland Airport's scope 1 emissions. By transitioning from gas to electric, we are taking significant strides in eliminating our emissions, as well aligning with our goal of net-zero scope 1 and 2 carbon emissions by 2030. In FY23 we commenced the first step in this transition replacing the first of six natural gas boilers with electric air-source heat pumps. Once the move from gas to electric is complete it will deliver 1,500 tonnes of carbon reduction per year.

#### *Recycling the runway*

As part of Auckland Airport's airfield expansion, more than 100,000 tonnes of old runway pavement that formed the runway touchdown zones is being crushed and reused in the new airfield development



to accommodate future growth. As well as reusing the concrete, this removes more than 6,000 truck trips off the Auckland Airport network.

## Section 16: Associated statistics: Demand and FTEs

### Key points:

- Passenger movements in FY23 of 15.9 million were up 183% on the prior year as aeronautical activity recovered following the removal of travel restrictions
- Domestic volumes increased by 90% or 3.8 million passengers in the year reflecting the full year effect of unrestricted domestic travel following the imposition of the 107 day regional lockdown in Auckland during the first half of the 2022 financial year
- The reopening of the New Zealand border in late February 2022 triggered a resumption of international travel and with that the resumption of services between Auckland and a number of overseas destinations. Greater capacity resulted in a 480% increase in international passenger movements

### 16.1 Passenger demand

With the reopening of the country's border in February 2022, the twelve-month period to 30 June 2023 saw an ongoing recovery in travel resulting in 15.9 million passenger movements in the year.

Passenger movements for the first year to 30 June 2023 broadly tracked the passenger forecasts prepared at the time of setting aeronautical pricing for PSE4. Table 11 below summarises actual passenger movements versus those forecast when prices were set for PSE4.

**Table 11: Passenger movements, variance to PSE4 forecasts**

	2023		
	Actual	Forecast	Δ%
International	7,773,555	7,787,292	(0.2)%
Domestic	8,087,709	8,119,887	(0.4)%
<b>Total</b>	<b>15,861,264</b>	<b>15,907,179</b>	<b>(0.3)%</b>

### 16.2 Aircraft movement statistics

Aircraft movements and maximum certified take-off weight (**MCTOW**) for the year to 30 June 2023 closely tracked the forecasts prepared at the time of setting aeronautical pricing for PSE4. Table 12 below details changes in aircraft movements and MCTOW volumes in FY23 versus those forecast when prices were set for PSE4.

**Table 12: FY23 aircraft movements and MCTOW statistics**

	Actual	Forecast	Δ%
<b>Aircraft movements</b>			
International aircraft movements	42,423	42,565	-0.3%
Domestic aircraft movements	101,998	101,859	0.1%
<b>Total aircraft movements</b>	<b>144,421</b>	<b>144,424</b>	<b>0.0%</b>
<b>MCTOW (tonnes)</b>			
International MCTOW	4,043,707	4,037,016	0.2%
Domestic MCTOW	2,025,933	2,110,036	(4.0)%
<b>Total MCTOW</b>	<b>6,069,640</b>	<b>6,147,052</b>	<b>(1.3)%</b>





### 16.3 Human resource statistics

The total full-time equivalent employees (**FTE**) of the regulated aeronautical business were 476 for FY23, 76 FTEs or 26% higher than FY22 due to the ramp of aeronautical activity experienced in the second half of the financial year.

The increase in FTE over the prior year was primarily due to increased staffing in Operations and Engineering Services to support higher aeronautical activity and project activity as Auckland Airport recommenced several infrastructure projects that had been suspended due to the COVID-19 pandemic.

Additional FTEs were also added to our People Safety & Wellbeing, Business Technology, Finance and Legal areas as the business scales alongside the recovery in aviation.

## Section 17: Pricing Statistics

### Key points:

- Aeronautical charges for the 2023 financial year were held the same as 2022<sup>6</sup>;
- The average effective total charge per international passenger in FY23 reduced from \$51.76 to \$22.66 due to landing, aircraft parking and other semi-fixed charges being spread across more international passengers; and
- Similarly, the average effective total charge per domestic passenger in FY23 decreased from \$8.64 to \$6.75 reflecting landing, aircraft parking and other semi-fixed charges being spread across more domestic passengers

In response to continued uncertainty in the aviation market and to support airlines during the early phase of the COVID-recovery, from June 2021, Auckland Airport consulted with airlines on the timing of the first price reset for PSE4, which would usually be effective from 1 July 2022. During consultation, Auckland Airport proposed introducing a price freeze period where:

- prices for the 2023 financial year would be held the same as 2022<sup>4</sup>;
- 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.

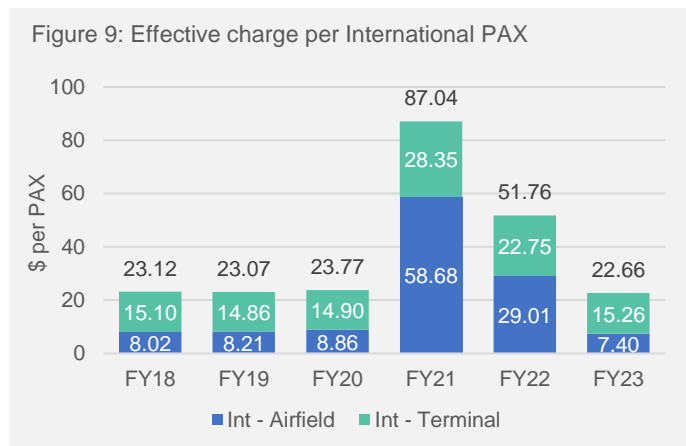
In January 2022, Auckland Airport announced a 12-month delay in the first price reset for PSE4 resulting in aeronautical prices for the financial year ending 30 June 2023 being the same as that for the financial year ending 30 June 2022.

### 17.1 International effective charge per passenger

Average effective charges per passenger reflect total aeronautical revenues from both airfield activities (landing, parking and ground leases) and terminal activities (passenger service charges, counter rentals and office rentals) in accordance with the definition in Schedule 17, displayed on a per passenger basis.

As set out in Figure 9 opposite, the average effective total charge per international passenger declined to \$22.66 in FY22 from \$51.76 in FY21.

The average effective airfield charge per international passenger decreased to \$7.40 from \$29.01 in the prior year, reflecting international aircraft carrying more passengers, spreading landing and semi-fixed parking and ground lease charges across more passengers.



<sup>6</sup> But with the \$2.00 / international passenger Regulatory or Required investment charge discontinued.

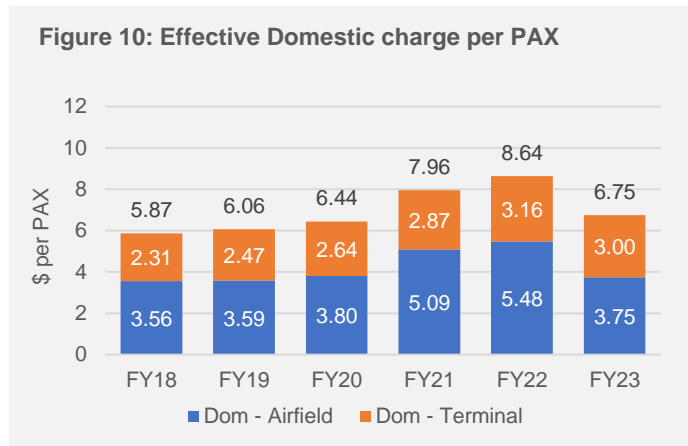
Similarly, the average effective terminal charge per international passenger decreased to \$15.26 from \$22.75 in the prior year, again because semi-fixed terminal-related charges were spread across more passengers.

### 17.2 Domestic effective charge per passenger

As set out in Figure 10 opposite, the average effective total charge per domestic passenger decreased to \$6.75 per passenger in FY23 from \$8.64 in FY22.

The average effective airfield charge per domestic passenger decreased to \$3.75 per passenger from \$5.48 in the prior year reflecting landing and semi-fixed parking and ground lease charges spread across less domestic passengers.

The average effective terminal charge per domestic passenger also decreased from \$3.16 to \$3.00 in FY23. This similarly reflected the semi-fixed domestic terminal-related revenues being spread across more domestic passengers.





**Airport Services Information Disclosure Requirements  
Information Templates  
for  
Schedules 1–17, 25**

Company Name	Auckland International Airport Limited
Disclosure Date	30 November 2023
Disclosure Year (year ended)	30 June 2023
Pricing period starting year (year ended)	30 June 2023

Templates for schedules 1–17, 25 (Annual Disclosure)  
Version 5.0. Prepared 13 June 2019

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4	<a href="#">REPORT ON REGULATORY ASSET BASE ROLL FORWARD</a>
5	<a href="#">REPORT ON RELATED PARTY TRANSACTIONS</a>
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**Disclosure Template Guidelines for Information Entry**

Internal consistency check

OK

**Templates**

The templates contained in this workbook are intended to reflect the specified airport disclosure requirements set out in Schedules 1–17 inclusive and Schedule 23 of Commerce Commission decision 715 (Commerce Act (Specified Airport Services Information Disclosure) Determination 2010).

**Data entry cells and calculated cells**

Data entered into this workbook may be entered only into the data entry cells. Data entry cells are the bordered, unshaded areas in each template. Under no circumstances should data be entered into the workbook outside a data entry cell.

In some cases, where the information for disclosure is able to be ascertained from disclosures elsewhere in the workbook, such information is disclosed in a calculated cell. Under no circumstances should the formulas in a calculated cell be overwritten. All cells that are not data entry cells may be locked using worksheet protection to ensure they are not overwritten.

**Validation settings on data entry cells**

To maintain a consistency of format and to guard against errors in data entry, some data entry cells test entries for validity and accept only a limited range of values. For example, entries may be limited to a list of category names or to values between 0% and 100%.

**Data entry cells for text entries**

Data input cells that display the data validation input message "Short text entry cell" have a maximum text length of 253 characters. Because of page layout constraints, this text length is unlikely to be approached. The amount of text that may be entered in the comment boxes is restricted only by the capacity of the spreadsheet program and page layout constraints. Should a comment box within a template be inadequate to fully present the disclosed comments, comments may be continued outside the template. The comment box must then contain a reference to identify where in the disclosure the comment is continued.

Row widths can be adjusted to increase the viewable size of text entries.

A paragraph feed may be inserted in an entry cell by holding down both the {alt} and the {shift} keys.

**Data entry cells that contain conditional formatting**

A limited number of data entry cells may change colour or disappear from view in response to data entries (including date entries) made in the workbook. This feature has been implemented to highlight data being entered that is not internally consistent with other data currently entered, and to hide data entry cells for conditionally disclosed information when the determination does not require the data be disclosed.

**a) Internal consistency checks**

To assist with data entry, the shading of the following data entry cells will change if the cell content becomes inconsistent with data elsewhere in the template:

Schedule 4, cells N110:N118, J30;

Schedule 7, cells K8:K14, K16:K18, K20, K22, K24, K26, K28, K30, K32.

Should such inconsistency be identified, the shading of the internal consistency check cell C4 at the top of the Guidelines worksheet will also change and the check cell will show "Error" instead of "OK".

**b) Conditionally disclosed information**

The determination allows in some circumstances that data do not need to be disclosed. Accordingly, the following cells are conditionally formatted to disappear from view (the borders are removed and the interior of the cells takes on the colour of the template background) in some circumstances:

Schedule 1, cells F9:F12, F14:F15, F17:F18, G9:G12, G14:G15, G17:G18;

In schedule 1, the column F cells listed above disappear if the determination does not require Part 4 disclosure in respect of year CY – 2 (CY is the current disclosure year). Similarly, the column G cells disappear if disclosure is not required in respect of year CY – 1.

**Schedule 6 comparison of actual and forecast expenditures**

Clause 6a of schedule 6 compares actual expenditures with expenditures forecast in respect of the most recent price setting event.

The calculated cells G10:G11, G14:G16, G19:G28 determine, from clause 6b, the forecast expenditure for the current disclosure year.

The calculated cells M10:M11, M14:M16, M19:M28 determine, from clause 6b, the forecast expenditure to date.

The formulas in the calculated cells assume that the current disclosure falls within the five year pricing period. Cell C65 notes which of the pricing period years disclosed in clause 6b coincides with the current disclosure year.

Regulated Airport  
For Year Ended  
Pricing period starting year (year ended)

<b>Auckland International Airport Limited</b>
<b>30 June 2023</b>
<b>30 June 2023</b>

**SCHEDULE 1: REPORT ON PROFITABILITY**

ref Version 5.0

**7 1a: Internal Rates of Return**

	Actual for Current Disclosure Year	Forecast for Current Disclosure Year	Variance
8			
9			
10	3.83%	2.80%	1.03%
11			
12	3.83%	2.80%	1.03%
13			

**14 1a(i): Pricing Period to Date IRR**

	(\$'000 unless otherwise specified)		
	Actual for Period to Date	Forecast for Period to Date	Variance
15			
16	1,738,793	1,697,891	40,902
17	87,810	87,810	-
18	1,650,982	1,610,081	40,902
19			
20	274,671	284,355	(9,684)
21	210,441	245,105	(34,664)
22	5,512	-	5,512
23	149,786	130,517	19,269
24	(4,332)	23,944	(28,276)
25			
26	1,878,097	1,858,645	19,452
27	86,084	86,084	-
28	1,792,013	1,772,561	19,452
29			
30	3.83%	2.80%	1.03%

**31 1a(ii): Current Year Annual IRR**

	(\$'000 unless otherwise specified)		
	Actual for Current Disclosure Year	Forecast for Current Disclosure Year	Variance
32			
33	1,738,793	1,697,891	40,902
34	87,810	87,810	-
35	1,650,982	1,610,081	40,902
36			
37	274,671	284,355	(9,684)
38	210,441	245,105	(34,664)
39	5,512	-	5,512
40	149,786	130,517	19,269
41	(4,332)	23,944	(28,276)
42			
43	1,878,097	1,858,645	19,452
44	86,084	86,084	-
45	1,792,013	1,772,561	19,452
46			
47	3.83%	2.80%	1.03%

**48 Explanation of variances**

Consistent with clause 2.3(8), this explains the variance in the Post-tax IRR for pricing period to date and includes explanations for variances disclosed in Schedule 1, 2, 4 and 6 that have a material impact on the variance in the Post-tax IRR for pricing period to date.

Refer to Disclosure Commentary Note 1.

Regulated Airport  
For Year Ended

Pricing period starting year (year ended)

**Auckland International Airport Limited**  
**30 June 2023**  
**30 June 2023**

**SCHEDULE 1: REPORT ON PROFITABILITY (cont)**

ref Version 5.0

	Pricing Period Starting Year 30 June 2023	Pricing Period Starting Year + 1 30 June 2024	Pricing Period Starting Year + 2 30 June 2025	Pricing Period Starting Year + 3 30 June 2026	Pricing Period Starting Year + 4 30 June 2027
<b>1b: Actual IRR Inputs</b>					
Closing RAB from 2022 financial year	1,638,341	1,878,097	-	-	-
Adjustment resulting from cost allocation	100,452				
Opening RAB for 2023 financial year	1,738,793	1,878,097	-	-	-
Opening carry forward adjustment	87,810	86,084	-	-	-
Opening investment value	1,650,982	1,792,013	-	-	-
Total regulatory income	274,671				
Assets commissioned - 1st month	49,930				
Assets commissioned - 2nd month	7,067				
Assets commissioned - 3rd month	10,303				
Assets commissioned - 4th month	-				
Assets commissioned - 5th month	254				
Assets commissioned - 6th month	11,038				
Assets commissioned - 7th month	8,541				
Assets commissioned - 8th month	46,205				
Assets commissioned - 9th month	16,871				
Assets commissioned - 10th month	14,705				
Assets commissioned - 11th month	37,236				
Assets commissioned - 12th month	8,290				
Asset disposals	5,512				
Operational expenditure	149,786				
Unlevered tax	(4,332)				
RAB value	1,878,097				
Closing carry forward adjustment	86,084				
Closing investment value	1,792,013	-	-	-	-
Post-tax IRR - pricing period to date (%)	3.83%				

**1c: Carry Forward Balance**

	Actual	Forecast	Variance
Opening carry forward adjustment	87,810	87,810	-
Default revaluation gain/loss adjustment			-
Risk allocation adjustment			-
Other carry forward adjustment – forecast	(1,726)	(1,726)	-
Other carry forward adjustment – not forecast			-
Closing carry forward adjustment	86,084	86,084	-

**Commentary on Carry forward balance**

Refer to Disclosure Commentary Note 1.

**1d: Cash flow timing assumptions**

	flow timing assumption
Cash flow timing - revenues - days from year end	148
Cash flow timing - expenditure - days from year end	182



Regulated Airport  
For Year EndedAuckland International Airport Limited  
30 June 2023

## SCHEDULE 2: REPORT ON THE REGULATORY PROFIT

ref Version 5.0

## 6 2a: Regulatory Profit

(\$'000 unless otherwise specified)

## 7 Income

Actual

Forecast

Variance

8	Airfield	86,641	96,748	(10,107)
9	Passenger Service Charge	132,876	127,485	5,391
10	Check-In	4,575	3,886	689
11		-	-	-

12 Lease, rental and concession income

13 Other operating revenue

14 Net operating revenue

16 Gains / (losses) on sale of assets

17 Other income

18 Total regulatory income

## 19 Expenses

20 Operational expenditure:

21 Corporate overheads

22 Asset management and airport operations

23 Asset maintenance

24 Total operational expenditure

## 26 Operating surplus / (deficit)

28 Regulatory depreciation

30 plus Indexed revaluation

31 plus Periodic land revaluations

32 Total revaluations

## 34 Regulatory Profit / (Loss) before tax

36 less Regulatory tax allowance

## 38 Regulatory Profit / (Loss)

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Regulated Airport  
For Year Ended

**Auckland International Airport Limited**  
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**SCHEDULE 2: REPORT ON THE REGULATORY PROFIT (cont)**

ref Version 5.0

(\$000 unless otherwise specified)

46 **2b: Notes to the Report**

47 **2b(i): Financial Incentives**

(\$000)

49	Pricing incentives	9,384	
50	Other incentives	772	
51	Total financial incentives		10,156

52 **2b(ii): Rates and Levy Costs**

(\$000)

54	Rates and levy costs		4,342
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55 **2b(iii): Merger and Acquisition Expenses**

(\$000)

57	Merger and acquisition expenses		-
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58 **Justification for Merger and Acquisition Expenses**

59 Refer to Disclosure Commentary Note 2.

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Regulated Airport  
For Year EndedAuckland International Airport Limited  
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## SCHEDULE 3: REPORT ON THE REGULATORY TAX ALLOWANCE

ref Version 5.0

		(\$000)	
6	<b>3a: Regulatory Tax Allowance</b>		
7	Regulatory profit / (loss) before tax		59,260
8			
9	<i>plus</i> Regulatory depreciation	73,944	
10	Other permanent differences—not deductible	2,492	*
11	Other temporary adjustments—current period	16,579	*
12			93,015
13			
14	<i>less</i> Total revaluations	8,319	
15	Tax depreciation	71,959	
16	Notional deductible interest	15,471	
17	Other permanent differences—non taxable	—	*
18	Other temporary adjustments—prior period	14,721	*
19			110,470
20			
21	Regulatory taxable income (loss)		41,805
22			
23	<i>less</i> Tax losses used	41,805	
24	Net taxable income		—
25			
26	Statutory tax rate (%)	28.0%	
27	Regulatory tax allowance		—
28			
29	Notional interest tax shield	4,332	
30	Unlevered tax		(4,332)

\* Workings to be provided

## 3b: Notes to the Report

## 3b(i): Disclosure of Permanent Differences and Temporary Adjustments

The Airport Business is to provide descriptions and workings of items recorded in the four "other" categories above (explanatory notes can be provided in a separate note if necessary).

Refer to Disclosure Commentary Note 3.

## 3b(ii): Tax Depreciation Roll-Forward

		(\$000)	
48	Opening RAB (Tax Value)	1,093,313	
49	<i>plus</i> Regulatory tax asset value of additions	179,350	
50	<i>less</i> Regulatory tax asset value of disposals	120	
51	<i>plus</i> Regulatory tax asset value of assets transferred from/(to) unregulated asset base	—	
52	<i>less</i> Tax depreciation	71,959	
53	<i>plus</i> Other adjustments to the RAB tax value	84,960	
54	Closing RAB (tax value)		1,285,544

## 3b(iii): Reconciliation of Tax Losses (Airport Business)

		(\$000)	
57	Tax losses (regulated business)—prior period	72,782	
58	<i>plus</i> Current year tax losses	—	
59	<i>less</i> Tax losses used	41,805	
60			
61	Tax losses (regulated business)		30,977

## 3b(iv): Deductible Interest and Interest Tax Shield

63	RAB value - previous year	1,638,341
64	Debt leverage assumption (%)	19%
65	Cost of debt assumption (%)	4.97%
66	Notional deductible interest	15,471
67	Tax rate (%)	28.0%
68	Notional interest tax shield	4,332

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Regulated Airport  
For Year Ended

**Auckland International Airport Limited**  
**30 June 2023**

**SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD**

ref	Version 5.0		Actual (\$000)	Forecast (\$000)	Variance (\$000)
6					
7					
8		<b>RAB value—previous disclosure year</b>	1,638,341	1,697,891	(59,550)
9					
10		<i>less</i> Regulatory depreciation	73,944	71,646	2,299
11		<i>plus</i> Total revaluations	8,319	8,973	(653)
12		<i>plus</i> Assets Commissioned	210,441	245,105	(34,664)
13		<i>less</i> Asset disposals	5,512	21,678	(16,166)
14		<i>plus</i> Lost and found assets adjustment	–	–	–
15		Adjustment resulting from cost allocation	100,452	–	100,452
16					
17		<b>RAB value †</b>	<b>1,878,097</b>	<b>1,858,645</b>	<b>19,452</b>
18					
19					
20			<b>Unallocated RAB *</b>	<b>RAB</b>	
21			<b>(\$000)</b>	<b>(\$000)</b>	<b>(\$000)</b>
22		<b>RAB value—previous disclosure year</b>	1,986,506		1,638,341
23		<i>less</i> Regulatory depreciation	85,541		73,944
24		<i>plus</i>			
25		Indexed revaluations	8,319	8,319	
26		Periodic land revaluations	–	–	
27		<b>Total revaluations</b>	<b>8,319</b>	<b>8,319</b>	<b>8,319</b>
28		<i>plus</i>			
29		Assets commissioned (other than below)	208,159	202,812	
30		Assets acquired from a regulated supplier	–	–	
31		Assets acquired from a related party	12,793	7,628	
32		<b>Assets commissioned</b>	<b>220,952</b>	<b>210,441</b>	<b>210,441</b>
33		<i>less</i>			
34		Asset disposals (other)	7,817	5,489	
35		Asset disposals to a regulated supplier	–	–	
36		Asset disposals to a related party	1,005	23	
37		<b>Asset disposals</b>	<b>8,822</b>	<b>5,512</b>	<b>5,512</b>
38					
39		<i>plus</i> Lost and found assets adjustment	13,163		–
40					
41		<b>Adjustment resulting from cost allocation</b>			<b>100,452</b>
42					
43		<b>RAB value †</b>	<b>2,134,579</b>		<b>1,878,097</b>

\* The 'unallocated RAB' is the total value of those assets used wholly or partially to provide specified services without any allowance being made for the allocation of costs to non-specified services. The RAB value represents the value of these assets after applying this cost allocation. Neither value includes land held for future use or works under construction.

† RAB to correspond with the total assets value disclosed in schedule 9 Asset Allocations.

Regulated Airport  
For Year Ended

**Auckland International Airport Limited**  
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**SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD (cont)**

ref Version 5.0

(\$000 unless otherwise specified)

53 **4b: Notes to the Report**

54 **4b(i): Regulatory Depreciation**

	Unallocated RAB (\$000)	RAB (\$000)
57 Standard depreciation	85,541	73,944
58 Non-standard depreciation	–	–
59 <b>Regulatory depreciation</b>	<b>85,541</b>	<b>73,944</b>

60 **4b(ii): Non-Standard Depreciation Disclosure**

(\$000 unless otherwise specified)

Non-standard Depreciation Methodology	Depreciation charge for the period (RAB)	Year change made (year ended)	RAB value under 'non-standard' depreciation	RAB value under 'standard' depreciation
61				
62				
63				
64				
65				
66				

67 **4b(iii): Calculation of Revaluation Rate and Indexed Revaluation of Fixed Assets**

(\$000 unless otherwise specified)

69 CPI at CPI reference date—previous year (index value)	1,161
70 CPI at CPI reference date—current year (index value)	1,231
71 <b>Revaluation rate (%)</b>	<b>6.03%</b>

72 **Asset category revaluation rates**

74 Land	6.03%
75 Sealed Surfaces	6.03%
76 Infrastructure and buildings	6.03%
77 Vehicles, plant and equipment	6.03%

78 **Revaluations**

	Unallocated RAB	RAB
80 Land	2,062	2,062
81 Sealed Surfaces	–	–
82 Infrastructure and buildings	6,250	6,250
83 Vehicles, plant and equipment	7	7
84 <b>Indexed revaluation</b>	<b>8,319</b>	<b>8,319</b>

85 **4b(iv): Works Under Construction**

	Unallocated works under construction	Allocated works under construction
87 Works under construction—previous disclosure year	520,476	348,145
88 plus Capital expenditure	673,895	409,964
less Write-offs	2,143	1,954
90 less Asset commissioned	220,952	210,441
91 plus Adjustment resulting from cost allocation		(40,523)
92 <b>Works under construction</b>	<b>971,276</b>	<b>505,191</b>

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Regulated Airport  
For Year Ended

**Auckland International Airport Limited**  
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**SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD (cont)**

ref Version 5.0

**4b(v): Capital Expenditure by Primary Purpose**

100	Capacity growth	320,250	
101			
102	plus Asset replacement and renewal	89,713	
103	Total capital expenditure		409,964

**4b(vi): Asset Classes**

	Land	Sealed Surfaces	Infrastructure & Buildings	Vehicles, Plant & Equipment	Total *	
105						
106	RAB value—previous disclosure year	380,043	263,758	953,031	41,510	1,638,341
107	less Regulatory depreciation	4	11,168	46,280	16,492	73,944
108	plus Indexed revaluations	2,062	—	6,250	7	8,319
109	plus Periodic land revaluations	—	—	—	—	—
110	plus Assets commissioned	19,432	41,187	130,984	18,838	210,441
111	less Asset disposals	23	(0)	5,430	59	5,512
112	plus Lost and found assets adjustment	—	—	—	—	—
113	plus Adjustment resulting from cost allocation	7,187	2	88,977	4,286	100,452
114	RAB value	408,698	293,779	1,127,531	48,090	1,878,097

\* Corresponds to values in RAB roll forward calc

**4b(vii): Assets Held for Future Use**

	(\$000)	(\$000)
115		
116		
117	Assets held for future use opening cost—previous year	431,839
118	plus Holding costs	37,700
119	less Assets held for future use net revenue	263
120	plus Assets held for future use additions	34,322
121	less Assets held for future use disposals	—
122	less Transfers to works under construction	34,322
123	Assets held for future use closing cost	469,276
124		
125	Opening base value	167,697
126	plus Assets held for future use revaluations	(1)
127	plus Assets held for future use additions	34,322
128	less Assets held for future use disposals	—
129	less Transfers to works under construction	34,322
130	Closing base value	167,696
131		
132	plus Opening tracking revaluations	13,218
133	Tracking revaluations	13,217
134	Highest rate of finance applied (%)	8.73%
135		

Regulated Airport  
For Year Ended**Auckland International Airport Limited**  
**30 June 2023****SCHEDULE 5: REPORT ON RELATED PARTY TRANSACTIONS**

ref Version 5.0

**5(i): Related Party Transactions**

(\$000)

Net operating revenue	-
Operational expenditure	6,852
Related party capital expenditure	52,912
Market value of asset disposals	1,005
Other related party transactions	18,197

**5(ii): Entities Involved in Related Party Transactions**

Entity Name	Related Party Relationship
Auckland Council	Auckland Council is a significant shareholder of Auckland International Airport, with a shareholding in excess of 18 percent. All transactions were on an arms-length commercial basis, without special privileges.
Watercare	Auckland Airport also receives water, wastewater and compliance services from Watercare, a 100% subsidiary of Auckland Council. One of Auckland Airport's directors was also a director of Watercare but subsequent to year end has resigned from their Watercare directorship. All transactions were on an arms-length commercial basis, without special privileges.
Auckland Airport non-regulated business	The part of Auckland Airport that does not supply specified airport services subject to this information disclosure regime.
Fulton Hogan	One of Auckland Airport's directors is also a director at Fulton Hogan. Auckland Airport incurs costs relating to engineering services / works provided by Fulton Hogan. All transactions were on an arms-length commercial basis, without special privileges.
Hawkins	One of Auckland Airport's directors is also a director at Downer of which Hawkins is a subsidiary of. Auckland Airport incurs costs relating to engineering services / works provided by Hawkins. All transactions were on an arms-length commercial basis, without special privileges.
Downer	One of Auckland Airport's directors is also a director at Downer. Auckland Airport incurs costs relating to engineering services / works provided by Downer. All transactions were on an arms-length commercial basis, without special privileges.
Other - key management personnel	Key management personnel.
Other - Auckland International Airport Marae Ltd	Two members of Auckland Airport's senior management team are on the board of Auckland International Airport Marae Ltd. No fees were paid in relation to these appointments.

**5(iii): Related Party Transactions**

Entity Name	Description of Transaction	Average Unit Price (\$)	Value (\$000)
Auckland Council (Operational expenditure)	Rates paid by Auckland Airport to Auckland Council for the regulated business	N/A	2,453
Auckland Council (Operational expenditure)	Compliance, consent fees and other government regulatory obligations	N/A	31
Fulton Hogan (Operational expenditure)	Engineering services for the regulated business	N/A	2,325
Hawkins (Operational expenditure)	Engineering services for the regulated business	N/A	78
Downer (Operational expenditure)	Engineering services for the regulated business	N/A	417
Watercare (Operational expenditure)	Water, wastewater and compliance services for the regulated business	N/A	1,548
Auckland Council	Compliance, consent fees and other	N/A	330
Fulton Hogan	Engineering services for the	N/A	16,236
Hawkins	Engineering services for the	N/A	35,527
Downer	Engineering services for the	N/A	819
Auckland Airport non-regulated	Transfer of 188 sqm of land	118	22
Auckland Airport non-regulated	Transfer of 1,188 sqm of land	650	772
Auckland Airport non-regulated	Transfer of 593 sqm of land	331	196
Auckland Airport non-regulated	Transfer of 129 sqm of land	46	6

Commerce Commission Information Disclosure Template

39	Auckland Airport non-regulated	Transfer of 129 sqm of land	66	9
40	Auckland Airport non-regulated	Transfer of 5,205 sqm of investment	1,466	7,628
41	Auckland Airport non-regulated	Transfer of 8,753 sqm of investment	243	2,129
42	Auckland Airport non-regulated	Transfer of 1,799 sqm of investment	1,687	3,036
43	Key management personnel	Remuneration of directors	N/A	1,302
44	Key management personnel	Remuneration of the senior	N/A	4,061
45	Auckland International Airport Marae	Maintenance and occupancy costs	N/A	41



46	<b>Commentary on Related Party Transactions</b>
47	Refer to Disclosure Commentary Note 5.
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Regulated Airport  
For Year Ended

**Auckland International Airport Limited**  
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**SCHEDULE 6: REPORT ON ACTUAL TO FORECAST PERFORMANCE (cont)**

ref Version 5.0

**6b: Forecast Expenditure**

*From most recent disclosure following a price setting event*

Starting year of current pricing period (year ended) 30 June 2023

Expenditure by Category	Pricing Period Starting Year 30 Jun 23	Pricing Period	Pricing Period	Pricing Period	Pricing Period
		Starting Year	Starting Year	Starting Year	Starting Year
		+ 1 30 Jun 24	+ 2 30 Jun 25	+ 3 30 Jun 26	+ 4 30 Jun 27
Total forecast capital expenditure	492,401	902,444	1,266,700	1,177,201	1,197,403
Capacity growth	362,558	750,090	1,123,527	1,043,481	1,082,586
Asset replacement and renewal	129,843	152,354	143,173	133,720	114,817
Total forecast operational expenditure	130,517	161,569	173,038	177,183	189,624

Key Capital Expenditure Projects	Pricing Period Starting Year 30 Jun 23	Pricing Period	Pricing Period	Pricing Period	Pricing Period
		Starting Year	Starting Year	Starting Year	Starting Year
		+ 1 30 Jun 23	+ 2 30 Jun 23	+ 3 30 Jun 26	+ 4 30 Jun 27
Terminal Integration - enabling & airport resilience	203,041	411,305	515,001	267,544	115,738
Terminal Integration - Domestic Processor	37,005	102,762	288,837	502,483	565,824
Terminal Integration - Transport Hub	38,533	61,683	13,623	-	10,301
Domestic Terminal Building Upgrades	9,260	23,974	40,937	44,997	29,129
Aeronautical Programme	18,719	55,828	134,841	91,484	208,352
Contingent Runway	2,623	4,295	4,666	36,329	39,805
Roading Programme	40,570	77,584	45,793	-	-
Utilities Programme	12,808	9,182	10,769	9,661	14,938
Renewals - airfield pavement and ground lighting	33,557	59,506	71,965	68,968	50,771
Renewals - other	96,287	92,848	71,209	64,752	64,046
Cargo Precinct	-	3,475	69,060	90,983	98,498
Other capital expenditure					
Total forecast capital expenditure	492,401	902,444	1,266,700	1,177,201	1,197,403

Regulated Airport  
For Year Ended

**Auckland International Airport Limited**  
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**SCHEDULE 6: REPORT ON ACTUAL TO FORECAST PERFORMANCE (cont)**

ref Version 5.0

**6c: Actual to Forecast Adjustments - Items Identified in Price Setting Events**

	Units used	Actual for Current Disclosure Year (a)	Forecast for Current Disclosure Year* (b)	% Variance (a)/(b)-1	Actual for Period to Date (a)	Forecast for Period to Date* (b)	% Variance (a)/(b)-1	Estimated present value of the proposed risk allocation adjustment (\$000)
<b>Proposed risk allocation adjustment</b>								
[Proposed adjustment 1]				Not defined			Not defined	
[Proposed adjustment 2]				Not defined			Not defined	
[Proposed adjustment 3]				Not defined			Not defined	
[Proposed adjustment 4]				Not defined			Not defined	
[Proposed adjustment 5]				Not defined			Not defined	
[Proposed adjustment 6]				Not defined			Not defined	
[Proposed adjustment 7]				Not defined			Not defined	
[Proposed adjustment 8]				Not defined			Not defined	
[Proposed adjustment 9]				Not defined			Not defined	

\*include additional rows if needed

Total proposed risk allocation adjustments

—

**Explanation of how the airport produced the estimated present value of each proposed risk allocation adjustment**

Refer to Disclosure Commentary Note 6.

*Airport Companies must provide a brief explanation of how the airport produced its estimated present value for each risk allocation adjustment specified in rows 111-119.*

\* Disclosure year: Pricing Period Starting Year.

Regulated Airport  
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**Auckland International Airport Limited**  
**30 June 2023**

**SCHEDULE 7: REPORT ON SEGMENTED INFORMATION**

ref Version 5.0

(\$000)

	Specified Passenger Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business*	
6					
7					
8	Airfield	–	86,641	–	86,641
9	Passenger Service Charge	132,876	–	–	132,876
10	Check-In	4,575	–	–	4,575
11	0	–	–	–	–
12	Lease, rental and concession income	18,557	558	28,633	47,748
13	Other operating revenue	6,122	599	1,592	8,313
14	Net operating revenue	162,130	87,798	30,225	280,153
15					
16	Gains / (losses) on asset sales	(2,972)	(920)	(1,590)	(5,482)
17	Other income	–	–	–	–
18	Total regulatory income	159,158	86,878	28,635	274,671
19					
20	Total operational expenditure	104,029	37,136	8,621	149,786
21					
22	Regulatory depreciation	50,673	19,785	3,486	73,944
23					
24	Total revaluations	–	–	8,319	8,319
25					
26	Regulatory tax allowance	–	–	–	–
27					
28	Regulatory profit/ loss	4,456	29,957	24,847	59,260
29					
30	RAB value	952,985	758,697	166,415	1,878,097

\* Corresponds to values reported in the Report on Regulatory Profit and the Report on Return on Investment.

**Commentary on Segmented Information**

Refer to Disclosure Commentary Note 7.

Regulated Airport  
For Year Ended**Auckland International Airport Limited**  
**30 June 2023****SCHEDULE 8: CONSOLIDATION STATEMENT**

ref Version 5.0

**8a: CONSOLIDATION STATEMENT**

					(\$000)	
	Airport Businesses	Regulatory/ GAAP Adjustments	Airport Business- GAAP	Unregulated Activities- GAAP	Airport Company- GAAP	
6						
7						
8						
9	Net income	274,671	5,482	280,153	342,555	622,708
10						
11	Total operational expenditure	149,786	1,949	151,735	73,654	225,536
12						
13	Operating surplus / (deficit) before interest, depreciation, revaluations and tax	124,885	3,533	128,418	268,901	397,172
14						
15	Depreciation	73,944	33,611	107,555	37,734	145,289
16	Revaluations	8,319	(22,791)	(14,472)	(140,854)	(155,326)
17	Tax expense	-	1,584	1,584	17,225	18,809
18						
19	Net operating surplus / (deficit) before interest	59,260	(54,453)	4,807	73,088	77,748
20						
21	Property plant and equipment	1,878,097	2,597,381	4,475,478	3,072,974	7,548,307
22						

**8b: NOTES TO CONSOLIDATION STATEMENT****8b(i): REGULATORY / GAAP ADJUSTMENTS**

			(\$000)
	Description of Regulatory / GAAP Adjustment	Affected Line Item	Regulatory / GAAP Adjustments *
23			
24			
25			
26			
27	Net income is higher under Regulatory (vs GAAP) due to the Regulatory gain on disposals value.	Net income	5,482
28	The regulatory/GAAP adjustment of [\$1.9m] is attributable to the Airport Business GAAP related to capital project impairments reported at note 5 of the annual report. The impairments have not been recognised for regulatory purposes as they are unrealised and may reverse in future periods.  Further information can be found in the accompanying commentary document for schedules 2 and 8.	Total operational expenditure	1,949
29	Depreciation is higher under GAAP (vs Regulatory) due to a combination of the following:  1) Depreciation starts immediately under GAAP, but the year following commissioning for Regulatory. 2) Valuation methodologies differ between GAAP and Regulatory reporting.  Further information on this can be found in the accompanying commentary document.	Depreciation	33,611
30	The difference in revaluations between GAAP and Regulatory is due to the different valuation methodologies used, as described in the accompanying commentary document.	Revaluations	(22,791)
31	[The regulatory/GAAP adjustment of \$4.0m includes the prior year tax losses utilised of \$16.1m and deferred tax "income" of \$12.1m that is recognised in Airport Business GAAP.]	Tax expense	1,584

32	<p>For "The Airport Business", GAAP PP&amp;E is higher than Regulatory PP&amp;E due to the following reasons:</p> <p>1) GAAP asset revaluations have resulted in higher values than the Regulatory revaluations (note that assets within the Land category were revalued in FY22).                      3) Future Use assets and Work in Progress are excluded from "The Airport Business" for Regulatory (RAB) but included in "The Airport Business" for GAAP.</p> <p>Further information on this can be found in the accompanying commentary document.</p>	Property plant & equipment	2,597,381
33		[Select one]	
34	<p><i>* To correspond with the clause 8a column Regulatory/GAAP adjustments</i></p>		
35	<p><b>Commentary on the Consolidation Statement</b></p>		
36	<p>Refer to Disclosure Commentary Note 8.</p>		
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**Auckland International Airport Limited**  
**30 June 2023**

**SCHEDULE 9: REPORT ON ASSET ALLOCATIONS**

ref Version 5.0

6 9a: Asset Allocations							(\$000)
		Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
7	<b>Land</b>						
8	Directly attributable assets	354	298,934	48,270	347,558		347,558
9	Assets not directly attributable	55,315	5,348	478	61,141	14,353	75,493
10	<b>Total value land</b>				408,698		
11	<b>Sealed Surfaces</b>						
12	Directly attributable assets	50	293,513	-	293,563		293,563
13	Assets not directly attributable	215	1	0	217	51	268
14	<b>Total value sealed surfaces</b>				293,779		
15	<b>Infrastructure and Buildings</b>						
16	Directly attributable assets	122,223	100,246	109,906	332,376		332,376
17	Assets not directly attributable	744,003	45,289	5,862	795,154	236,872	1,032,026
18	<b>Total value infrastructure and buildings</b>				1,127,530		
19	<b>Vehicles, Plant and Equipment</b>						
20	Directly attributable assets	10,092	7,728	143	17,963		17,963
21	Assets not directly attributable	20,733	7,639	1,755	30,126	5,206	35,333
22	<b>Total value vehicles, plant and equipment</b>				48,089		
23	Total directly attributable assets	132,719	700,420	158,319	991,459		991,459
24	Total assets not directly attributable	820,266	58,276	8,095	886,638	256,482	1,143,120
25	<b>Total assets</b>	952,985	758,697	166,415	1,878,097	256,482	2,134,579

**Asset Allocators**

Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
Buildings	ITB (sub)spaces	Proxy Cost Allocator	Assets that service the ITB are allocated based on relevant terminal areas. Relevant spaces include overall space, forecourt, Pier B, expanded arrivals, 1st floor redevelopment (fixed) and the residual 'core' which includes Pier A.	Primarily Buildings within the terminals.
Buildings	DTB (sub)spaces	Proxy Cost Allocator	Assets that service the DTB are allocated based on relevant terminal areas. DTB spaces include overall space and forecourt.	Primarily Buildings within the terminals.
Infrastructure	Charged Usage	Causal Relationship	(Notional) Charged Usage are based on meter readings which directly relate to utilisation of the assets. In the case of internal usage, a notional charge is calculated based on tariff rates and measured usage.	Utility distribution networks (end point assets allocated based on end point user) including electricity, potable & waste water outside buildings and gas.
Infrastructure	Space	Causal Relationship	Rain water not absorbed into the ground enters the storm water network. An assessment of land covered by sealed surfaces by the land's usage reasonably estimates utilisation of the storm water assets. Roading allocation is done where roads cannot be directly attributed they are considered to be shared across the business. Lightning, pavement, signage outside buildings are allocated based on the respective analysis associated with the business unit or use.	Stormwater distribution network (end point assets allocated based on end point user), roading and adjacent Infrastructure, lighting, pavement - mainly for parking other than roading and footpaths, signage outside the buildings including traffic lights.
Infrastructure	Company-wide rule	Proxy Cost Allocator	The communications network provides benefit to the broader business. No specific usage/billing analysis available.	Communications network outside buildings
Land	Space	Causal Relationship	Land under the terminal is allocated to regulated and non-regulated activities on the same basis as building structure - i.e. based on the share of terminal space.	Land under terminals
Vehicles, Plant & Equipment	FTE Analysis	Causal Relationship	Staff time directly impacts the utilisation of the asset. The use is identified by the indication done by staff in the operating cost business analysis.	Motor Vehicles used by Aeronautical management



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37	Vehicles, Plant & Equipment	Internal R&M Analysis	Causal Relationship	Assets allocated based on corresponding allocated opex. Allocation of (repairs and maintenance) opex is determined at a business unit level (directly or using the above allocators).	Assets (motor vehicles and plant) relating to Engineering Support Services who are responsible for repairs and maintenance	
38	Vehicles, Plant & Equipment	Space	Proxy Cost Allocator	Plant and equipment which is not directly attributed is allocated on the same basis as buildign structure - based on the share of terminal space.	Plant	
39	Vehicles, Plant & Equipment	Company-wide rule	Proxy Cost Allocator	Where Plant and Equipment cannot be directly attributed and provides benefit to the broader business the company-wide rule is used to allocate these assets.	Plant and equipment primarily IT related	
40			[Select one]			
41			[Select one]			
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55						Page 15

Regulated Airport  
For Year Ended

**Auckland International Airport Limited**  
30 June 2023

**SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)**

ref Version 5.0

**Asset Allocators (cont)**

Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
		[Select one]		
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\* A description of the metric used for allocation, e.g. floor space.

Regulated Airport  
For Year Ended

**Auckland International Airport Limited**  
**30 June 2023**

**SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)**

ref Version 5.0

137 **9b: Notes to the Report**

138 **9b(i): Changes in Asset Allocators**

		Effect of Change (\$'000)		
			Current Year (CY)	
		CY-1 30 Jun 22	30 Jun 23	CY+1 30 Jun 24
141	Asset category			
142	Original allocator or components	Original		
143	New allocator or components	New		
144	Rationale	Difference	-	-
146	Asset category			
147	Original allocator or components	Original		
148	New allocator or components	New		
149	Rationale	Difference	-	-
151	Asset category			
152	Original allocator or components	Original		
153	New allocator or components	New		
154	Rationale	Difference	-	-
156	Asset category			
157	Original allocator or components	Original		
158	New allocator or components	New		
159	Rationale	Difference	-	-
161	Asset category			
162	Original allocator or components	Original		
163	New allocator or components	New		
164	Rationale	Difference	-	-
166	Asset category			
167	Original allocator or components	Original		
168	New allocator or components	New		
169	Rationale	Difference	-	-
171	Asset category			
172	Original allocator or components	Original		
173	New allocator or components	New		
174	Rationale	Difference	-	-

176 **Commentary on Asset Allocations**

Regulated Airport  
For Year Ended

**Auckland International Airport Limited**  
**30 June 2023**

**SCHEDULE 10: REPORT ON COST ALLOCATIONS**

ref Version 5.0

10a: Cost Allocations							(\$'000)
	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total	
<b>Corporate Overheads</b>							
Directly attributable operating costs	423	-	-	423		423	
Costs not directly attributable	21,146	11,697	2,771	35,614	8,564	44,178	
<b>Asset Management and Airport Operations</b>							
Directly attributable operating costs	45,747	5,654	850	52,252		52,252	
Costs not directly attributable	22,968	12,216	3,957	39,141	59,601	98,743	
<b>Asset Maintenance</b>							
Directly attributable operating costs	8,965	5,656	712	15,334		15,334	
Costs not directly attributable	4,779	1,912	330	7,022	5,488	12,511	
Total directly attributable costs	55,135	11,311	1,562	68,008		68,008	
Total costs not directly attributable	48,894	25,825	7,059	81,778	73,654	155,431	
Total operating costs	104,029	37,136	8,621	149,786	73,654	223,440	

**Cost Allocators**

Operating Cost Category	Allocator*	Allocator Type	Rationale	Operating Cost Line Items
Asset Maintenance	Split by R&M charges to internal BUs & then by BU allocation rules	Proxy Cost Allocator	Predominately employee costs associated with maintenance of airport assets. The allocation of these costs are estimated by management based on time spent on activities in each segment. It would be inefficient and immaterial to systemise the monitoring of time spent across each segment.	All costs lines within the 'Maintenance Services', 'Building and Terminal Services' and 'Electronic Systems' business units except specific object codes carved out as per cost allocation process.
Asset Management & Airport Operations	Internal charges weighted by internal BU rules & external charges coded commercial direct	Causal Relationship	Metered usage deemed to be the causal factor for generating the associated revenues and costs	All cost lines within the 'Electricity' business unit except electricity internal charges and other specific object codes carved out as per cost allocation process
Asset Management & Airport Operations	Internal charges weighted by internal BU rules & external charges coded commercial direct	Causal Relationship	Metered usage deemed to be the causal factor for generating the associated revenues and costs	All cost lines within the 'Water' business unit except water internal charges and other specific object codes carved out as per cost allocation process
Asset Management & Airport Operations	Internal charges weighted by internal BU rules & external charges coded commercial direct	Causal Relationship	Metered usage deemed to be the causal factor for generating the associated revenues and costs	All cost lines within the 'Gas' business unit except internal gas charges and other specific object codes carved out as per cost allocation process
Asset Management & Airport Operations	Weighted average of stormwater and wastewater rules based on NBV of assets: Stormwater = weighted average of rules applied to sealed areas. Wastewater = weighted average of rules applied to meters	Causal Relationship	Impermeable area and metered usage deemed to be causal factors for generating the associated revenues and costs	All costs lines within the 'Stormwater & Wastewater' business unit except other specific object codes carved out as per cost allocation process
Asset Management & Airport Operations	Internal charges weighted by internal BU rules	Causal Relationship	Metered usage deemed to be the causal factor for generating the associated revenues and costs	Internal electricity charges within the 'Electricity (Incl Reticulation & Power Ctrs)' business unit
Asset Management & Airport Operations	Internal charges weighted by internal BU rules	Causal Relationship	Metered usage deemed to be the causal factor for generating the associated revenues and costs	Internal water charges within the 'Water (Incl Reticulation, Reservoirs & Pump Station)' business unit
Asset Management & Airport Operations	Internal charges weighted by internal BU rules	Causal Relationship	Metered usage deemed to be the causal factor for generating the associated revenues and costs	Internal gas charges within the 'Gas (Incl Reticulation)' business unit

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31	Asset Management & Airport Operations	Company-wide (terminal space & aeronautical revenue splits)	Proxy Cost Allocator	These functions support all segments and the proxy rule efficiently captures the relative scale of each segment. It is inefficient and immaterial to systemise the monitoring and recording of time spent across each segment	All costs lines within the business units listed below except specific object codes carved out as per cost allocation process 'Ground Care' 'Skygate Security' 'Master Planning' 'Master Planning - Transport'
32	Asset Management & Airport Operations	Employee time split	Proxy Cost Allocator	Predominately employee related costs which are estimated by management based on time spent on activities in each segment. It would be inefficient and immaterial to systemise the monitoring of time spent across each segment. The proxy rule efficiently captures the relative scale of each segment	All costs lines within the (Aero) 'Commerical Management' and 'Transport Management' business units except specific object codes carved out as per cost allocation process
33	Asset Management & Airport Operations	Employee time split	Proxy Cost Allocator	These functions support all aeronautical segments and it is inefficient and immaterial to systemise the monitoring of time spent across each segment. The proxy rule efficiently captures the relative scale of each segment	All costs lines within the 'Aero Management' and 'Fuel Recovery' business units except specific object codes carved out as per cost allocation process
34	Asset Management & Airport Operations	Aeronautical revenues/costs split excluding aircraft and freight revenues/expenses	Proxy Cost Allocator	These managerial functions support both Airfield and Passenger Terminal operations management and it is inefficient and immaterial to monitor time spent across each segment. The proxy rule efficiently captures the relative scale of each segment	All costs lines within the 'Airsides Operations Management' and 'Slots Coordination' business units except specific object codes carved out as per cost allocation process
35	Asset Management & Airport Operations	Aeronautical revenues split	Proxy Cost Allocator	These managerial functions support all aeronautical segments and it is inefficient and immaterial to monitor time spent across each segment. The proxy rule efficiently captures the relative scale of each segment	All costs lines within the 'Rescue Fire Admin', 'Aero Performance & Planning' And 'Operation Capricorn' business units except specific object codes carved out as per cost allocation process
36	Asset Management & Airport Operations	Rules applying to individual assets within this BU weighted by NBV	Proxy Cost Allocator	Costs associated with maintaining roads in the airport district. AIAL management are in the process of gathering vehicle movement and roading network usage data to refine the allocation of costs to maintain roading assets	All costs lines within the 'Roadways' business unit except specific object codes carved out as per cost allocation process
37	Asset Management & Airport Operations	Share of area between aeronautical and non-aeronautical activities	Proxy Cost Allocator	Property is used for both aeronautical and administrative purposes. It would be inefficient and immaterial to monitor costs incurred by each segment. The proxy rule efficiently captures the relative scale of each segment	All costs lines within the 'International Jetbase' business unit except specific object codes carved out as per cost allocation process
38	Asset Management & Airport Operations	Share of rental revenues between aeronautical and non-aeronautical revenues	Proxy Cost Allocator	BU dominated by rental revenue so costs are split by rental revenue associated with each segment. It would be inefficient and immaterial to monitor costs incurred by each segment. The proxy rule efficiently captures the relative scale of each segment	All costs lines within the 'ITB Tenancies-Administrative' and 'DHL' business units except specific object codes carved out as per cost allocation process
39	Asset Management & Airport Operations	Space based split based on area of building occupied by AIAL and external tenants	Proxy Cost Allocator	Costs related to the Quad 5 Building including the AIAL Management Offices. It would be inefficient and immaterial to monitor costs incurred by each segment. The proxy rule efficiently captures the relative scale of each segment	All costs lines within the 'Quad 5' business unit except specific object codes carved out as per cost allocation process
40	Asset Management & Airport Operations	Split by R&M charges to internal BUs & then by BU allocation rules	Proxy Cost Allocator	Predominately employee costs associated with maintenance of airport assets. The allocation of these costs are estimated by management based on time spent on activities in each segment. It would be inefficient and immaterial to systemise the monitoring of time spent across each segment.	All costs lines within the 'Asset Data Services' business unit except specific object codes carved out as per cost allocation process.
41	Corporate Overheads	Split by R&M charges to internal BUs & then by BU allocation rules	Proxy Cost Allocator	Predominately employee costs associated with maintenance of airport assets. The allocation of these costs are estimated by management based on time spent on activities in each segment. It would be inefficient and immaterial to systemise the monitoring of time spent across each segment.	All costs lines within the 'Engineering Support Services' business unit except specific object codes carved out as per cost allocation process.
42	Corporate Overheads	Aeronautical revenues split	Proxy Cost Allocator	The split of aeronautical revenues fairly distributes between aeronautical activities. This is used to attribute airline consultation cost between airfield and terminal which efficiently captures the relative scale of each segment	All costs lines within the 'Aeronautical Pricing' and 'Economic Regulation' business units except specific object codes carved out as per cost allocation process

43	Corporate Overheads	Mix of aeronautical revenues split and company-wide rule	Proxy Cost Allocator	Marketing incentive costs are associated with aeronautical activities (airfield and passenger terminal), all other costs support the entire company. The proxy rule efficiently captures the relative scale of each segment	All costs lines within the 'China Plan' business units except specific object codes carved out as per cost allocation process
44	Corporate Overheads	Employee time split	Proxy Cost Allocator	These functions support all aeronautical segments and it is inefficient and immaterial to systemise the monitoring of time spent across each segment. The proxy rule efficiently captures the relative scale of each segment	All costs lines within the 'Integrated Terminal Facility' and 'Policy Management' business units except specific object codes carved out as per cost allocation process
45	Corporate Overheads	Employee time split	Proxy Cost Allocator	Predominately employee related costs which are estimated by management based on time spent on activities in each segment. It would be inefficient and immaterial to systemise the monitoring of time spent across each segment. The proxy rule efficiently captures the relative scale of each segment	All costs lines within the 'Retail Management', 'Marketing and Branding' and 'Insight' business units except specific object codes carved out as per cost allocation process
46	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy Cost Allocator	These functions support all segments and the proxy rule efficiently captures the relative scale of each segment. It is inefficient and immaterial to systemise the monitoring and recording of time spent across each segment	All costs lines within the business units listed below except specific object codes carved out as per cost allocation process 'General Counsel & Co Secretary' 'Corporate Relations' 'Community Relations' 'Marae' 'Accounting' 'Business Intelligence' 'CEO' 'Human Resources' 'Corporate Office' 'Procurement' 'Health and Safety' 'Digital Marketing' 'Business Architecture' 'BT Outsourced'
47			[Select one]		
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**SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)**

ref Version 5.0

<b>Cost Allocators (cont)</b>					
<b>56</b>	<b>Operating Cost Category</b>	<b>Allocator*</b>	<b>Allocator Type</b>	<b>Rationale</b>	<b>Operating Cost Line Items</b>
<b>57</b>	Asset Management & Airport Operations	Mix of aeronautical revenues split and company-wide rule	Proxy Cost Allocator	Marketing incentive costs are associated with aeronautical activities (airfield and passenger terminal), all other costs support the entire company. The proxy rule efficiently captures the relative scale of each segment	All costs lines within the 'Route Development' business units except specific object codes carved out as per cost allocation process
<b>58</b>	Asset Management & Airport Operations	Company-wide (terminal space & aeronautical revenue splits)	Proxy Cost Allocator	These functions support all segments and the proxy rule efficiently captures the relative scale of each segment. It is inefficient and immaterial to systemise the monitoring and recording of time spent across each segment	All costs lines within the business units listed below except specific object codes carved out as per cost allocation process 'IT Systems' 'Business Solutions'
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Commerce Commission Information Disclosure Template

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122	* A description of the metric used for allocation, e.g. floor space.				
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Regulated Airport  
For Year Ended

**Auckland International Airport Limited**  
**30 June 2023**

**SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)**

ref Version 5.0

130 **10b: Notes to the Report**

131 **10b(i): Changes in Cost Allocators**

		Effect of Change (\$'000)		
		CY-1	Current Year	CY+1
		30 Jun 22	30 Jun 23	30 Jun 24
134	Operating cost category			
135	Original allocator or components			
136	New allocator or components			
137	Rationale			
138		-	-	-
139				
140	Operating cost category			
141	Original allocator or components			
142	New allocator or components			
143	Rationale			
144		-	-	-
145				
146	Operating cost category			
147	Original allocator or components			
148	New allocator or components			
149	Rationale			
150		-	-	-
151				
152	Operating cost category			
153	Original allocator or components			
154	New allocator or components			
155	Rationale			
156		-	-	-
157				
158	Operating cost category			
159	Original allocator or components			
160	New allocator or components			
161	Rationale			
162		-	-	-
163				
164	Operating cost category			
165	Original allocator or components			
166	New allocator or components			
167	Rationale			
168		-	-	-

169 **Commentary on Cost Allocations**

170 Refer to Disclosure Commentary Note 10.

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Regulated Airport  
For Year EndedAuckland International Airport Limited  
30 June 2023**SCHEDULE 11: REPORT ON RELIABILITY MEASURES**

ref Version 5.0

6	<b>Runway</b>	Number	Total Duration	
			Hours	Minutes
7	The number and duration of interruptions to runway(s) during disclosure year by party primarily responsible			
8	Airports	-	-	-
9	Airlines/Other	1	-	52
10	Undetermined reasons	-	-	-
11	Total	1	-	52
12	<b>Taxiway</b>			
13	The number and duration of interruptions to taxiway(s) during disclosure year by party primarily responsible			
14	Airports	-	-	-
15	Airlines/Other	-	-	-
16	Undetermined reasons	-	-	-
17	Total	-	-	-
18	<b>Remote stands and means of embarkation/disembarkation</b>			
19	The number and duration of interruptions to remote stands and means of embarkation/disembarkation during disclosure year by party primarily responsible			
20	Airports	-	-	-
21	Airlines/Other	-	-	-
22	Undetermined reasons	-	-	-
23	Total	-	-	-
24	<b>Contact stands and airbridges</b>			
25	The number and duration of interruptions to contact stands during disclosure year by party primarily responsible			
26	Airports	24	11	13
27	Airlines/Other	3	1	51
28	Undetermined reasons	27	620	40
29	Total	54	633	44
30	<b>Baggage sortation system on departures</b>			
31	The number and duration of interruptions to baggage sortation system on departures during disclosure year by party primarily responsible			
32	Airports	-	-	-
33	Airlines/Other	-	-	-
34	Undetermined reasons	7	124	-
35	Total	7	124	-
36	<b>Baggage reclaim belts</b>			
37	The number and duration of interruptions to baggage reclaim belts during disclosure year by party primarily responsible			
38	Airports	-	-	-
39	Airlines/Other	-	-	-
40	Undetermined reasons	8	202	30
41	Total	8	202	30
42	<b>On-time departure delay</b>			
43	The total number of flights affected by on time departure delay and the total duration of the delay during disclosure year by party primarily responsible			
44	Airports	7	7	08
45	Airlines/Other	9	8	37
46	Undetermined reasons	2	-	20
47	Total	18	16	5

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Regulated Airport  
For Year Ended

**Auckland International Airport Limited**  
**30 June 2023**

**SCHEDULE 11: REPORT ON RELIABILITY MEASURES (cont)**

ref Version 5.0

55 **Fixed electrical ground power availability (if applicable)**

56 The percentage of time that FEGP is unavailable due to interruptions\*

\* Disclosure of FEGP information applies only to airports where fixed electrical ground power is available.

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58 **Commentary concerning reliability measures**

59 Refer Disclosure Commentary Note 11.  
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79 *Must include information on how the responsibility for interruptions is determined and the processes the Airport has put in place for undertaking any operational improvement in respect of reliability. If interruptions are categorised as "occurring for undetermined reasons", the reasons for inclusion in this category must be disclosed.*

Regulated Airport  
For Year Ended

**Auckland International Airport Limited**  
**30 June 2023**

**SCHEDULE 12: REPORT ON CAPACITY UTILISATION INDICATORS FOR AIRCRAFT AND FREIGHT ACTIVITIES AND AIRFIELD ACTIVITIES**

ref Version 5.0

Runway		Runway #1	Runway #2	Runway #3
Description of runway(s)	Designations	23L/05R	N/A	N/A
	Length of pavement (m)	3,635	N/A	N/A
	Width (m)	45	N/A	N/A
	Shoulder width (m)	30	N/A	N/A
	Runway code	4F	N/A	N/A
	ILS category	Category III B	N/A	N/A
Declared runway capacity for specified meteorological condition	VMC (movements per hour)	45	N/A	N/A
	IMC (movements per hour)	38	N/A	N/A

Taxiway		Taxiway #1	Taxiway #2	Taxiway #3	Taxiway #4
Description of main taxiway(s)	Name	Alpha	Bravo	Delta	Lima
	Length (m)	3,220	2,587	370	673
	Width (m)	45	24	23	25
	Status	Full length	Part length	Part length	Part length
	Number of links	11	10	4	4

Aircraft parking stands		Contact stand-airbridge	Contact stand-walking	Remote stand-bus
Air passenger services	International	18	4	26
	Domestic jet	9	2	-
	Domestic turboprop	-	13	6
Total parking stands		27	19	32

Busy periods for runway movements		Date
Runway busy day		13 April 2023
Runway busy hour start time (day/month/year hour)		16 Jun 2023 4 pm

Aircraft movements		Contact stand-airbridge	Contact stand-walking	Remote stand-bus	Total
Air passenger services	International	119	-	10	129
	Domestic jet	99	10	2	111
	Domestic turboprop	-	166	21	187
	Total	218	176	33	427
Other (including General Aviation)					41
Total aircraft movements during the runway busy day					468
Number of aircraft runway movements during the runway busy hour		36			

**Commentary concerning capacity utilisation indicators for aircraft and freight activities and airfield activities**  
Refer Disclosure Commentary Note 12.

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**Auckland International Airport Limited**  
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**SCHEDULE 13: REPORT ON CAPACITY UTILISATION INDICATORS FOR SPECIFIED PASSENGER TERMINAL ACTIVITIES**

ref Version 5.0

	International terminal	Domestic terminal	Common area †
<b>6 Outbound (Departing) Passengers</b>			
<b>7 Landside circulation (outbound)</b>			
8 Passenger busy hour for landside circulation (outbound)—start time (day/month/year hour)	18/04/2023 - 9	15/04/2023 - 8	N/A
9 Floor space (m <sup>2</sup> )	3,843	1,675	N/A
10 Passenger throughput during the passenger busy hour (passengers/hour)	1,815	1,377	N/A
11 Utilisation (busy hour passengers per 100m <sup>2</sup> )	47	82	N/A
<b>13 Check-in</b>			
14 Passenger busy hour for check-in—start time (day/month/year hour)	18/04/2023 - 9	15/04/2023 - 8	N/A
15 Floor space (m <sup>2</sup> )	4,132	841	N/A
16 Passenger throughput during the passenger busy hour (passengers/hour)	1,815	1,377	N/A
17 Utilisation (busy hour passengers per 100m <sup>2</sup> )	44	164	N/A
<b>18 Baggage (outbound)</b>			
19 Passenger busy hour for baggage (outbound)—start time (day/month/year hour)	18/04/2023 - 9	15/04/2023 - 8	N/A
20 Make-up area floor space (m <sup>2</sup> )	8,443	3,261	N/A
21 Notional capacity during the passenger busy hour (bags/hour)*	3,060	2,000	N/A
22 Bags processed during the passenger busy hour (bags/hour)*	2,092	1,060	N/A
23 Passenger throughput during the passenger busy hour (passengers/hour)	1,815	1,377	N/A
24 Utilisation (% of processing capacity)	68%	53%	N/A
25 <i>* Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.</i>			
<b>26 Passport control (outbound)</b>			
27 Passenger busy hour for passport control (outbound)—start time (day/month/year hour)	18/04/2023 - 9		
28 Floor space (m <sup>2</sup> )	1,379		
29 Number of emigration booths and kiosks	21		
30 Notional capacity during the passenger busy hour (passengers/hour) *	2,496		
31 Passenger throughput during the passenger busy hour (passengers/hour)	1,815		
32 Utilisation (busy hour passengers per 100m <sup>2</sup> )	132		
33 Utilisation (% of processing capacity)	73%		
34 <i>* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.</i>			
<b>36 Security screening</b>			
37 Passenger busy hour for security screening—start time (day/month/year hour)	18/04/2023 - 9	6/10/2022 - 19	
38 Facilities for passengers excluding international transit & transfer			
39 Floor space (m <sup>2</sup> )	2,074	679	
40 Number of screening points	6	5	
41 Notional capacity during the passenger busy hour (passengers/hour) *	1,800	1,350	
42 Passenger throughput during the passenger busy hour (passengers/hour)	1,815	1,060	
43 Utilisation (busy hour passengers per 100m <sup>2</sup> )	87	156	
44 Utilisation (% of processing capacity)	101%	79%	
45 Facilities for international transit & transfer passengers			
46 Floor space (m <sup>2</sup> )	204		
47 Number of screening points	2		
48 Notional capacity during the passenger busy hour (passengers/hour)*	540		
49 Estimated passenger throughput during the passenger busy hour (passengers/hour)	256		
50 Utilisation (busy hour passengers per 100m <sup>2</sup> )	126		
51 Utilisation (% of processing capacity)	47%		
52 <i>* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.</i>			
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Regulated Airport  
For Year Ended

**Auckland International Airport Limited**  
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**SCHEDULE 13: REPORT ON CAPACITY UTILISATION INDICATORS FOR SPECIFIED PASSENGER TERMINAL ACTIVITIES (cont 1)**

ref Version 5.0

	International terminal	Domestic terminal	Common area †
<b>Airside circulation (outbound)</b>			
Passenger busy hour for airside circulation (outbound)—start time (day/month/year hour)	18/04/2023 - 9	15/04/2023 - 8	
Floor space (m <sup>2</sup> )	12,674	2,273	
Passenger throughput during the passenger busy hour (passengers/hour)	2,071	1,377	
Utilisation (busy hour passengers per 100m <sup>2</sup> )	16	61	
<b>Departure lounges</b>			
Passenger busy hour for departure lounges—start time (day/month/year hour)	18/04/2023 - 9	15/04/2023 - 8	
Floor space (m <sup>2</sup> )	8,126	2,922	
Number of seats	3,990	1,076	
Passenger throughput during the passenger busy hour (passengers/hour)	2,071	1,377	
Utilisation (busy hour passengers per 100m <sup>2</sup> )	25	47	
Utilisation (passengers per seat)	0.5	1.3	
<b>Inbound (Arriving) Passengers</b>			
<b>Airside circulation (inbound)</b>			
Passenger busy hour for airside circulation (inbound)—start time (day/month/year hour)	30/12/2022 - 17	16/02/2023 - 18	N/A
Floor space (m <sup>2</sup> )	12,529	2,298	N/A
Passenger throughput during the passenger busy hour (passengers/hour)	2,111	1,478	N/A
Utilisation (busy hour passengers per 100m <sup>2</sup> )	17	64	N/A
<b>Passport control (inbound)</b>			
Passenger busy hour for passport control (inbound)—start time (day/month/year hour)	30/12/2022 - 17		
Floor space (m <sup>2</sup> )	1,660		
Number of immigration booths and kiosks	27		
Notional capacity during the passenger busy hour (passengers/hour) *	2,522		
Passenger throughput during the passenger busy hour (passengers/hour)	1,667		
Utilisation (busy hour passengers per 100m <sup>2</sup> )	100		
Utilisation (% of processing capacity)	66%		
* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
<b>Landside circulation (inbound)</b>			
Passenger busy hour for landside circulation (inbound)—start time (day/month/year hour)	30/12/2022 - 17	16/02/2023 - 18	N/A
Floor space (m <sup>2</sup> )	1,513	1,675	N/A
Passenger throughput during the passenger busy hour (passengers/hour)	1,667	1,478	N/A
Utilisation (busy hour passengers per 100m <sup>2</sup> )	110	88	N/A
<b>Baggage reclaim</b>			
Passenger busy hour for baggage reclaim—start time (day/month/year hour)	30/12/2022 - 17	16/02/2023 - 18	
Floor space (m <sup>2</sup> )	6,676	1,081	
Number of reclaim units	7	2	
Notional reclaim unit capacity during the passenger busy hour (bags/hour)*	2,489	938	
Bags processed during the passenger busy hour (bags/hour)*	1,922	1,138	
Passenger throughput during the passenger busy hour (passengers/hour)	1,667	1,478	
Utilisation (% of processing capacity)	77%	121%	
Utilisation (busy hour passengers per 100m <sup>2</sup> )	25	137	
* Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.			
<b>Bio-security screening and inspection and customs secondary inspection</b>			
Passenger busy hour for bio-security screening and inspection and customs secondary inspection—start time (day/month/year hour)	30/12/2022 - 17		
Floor space (m <sup>2</sup> )	2,634		
Notional MAF secondary screening capacity during the passenger busy hour (passengers/hour)*	2,200		
Passenger throughput during the passenger busy hour (passengers/hour)	1,667		
Utilisation (% of processing capacity)	76%		
Utilisation (busy hour passengers per 100m <sup>2</sup> )	63		
* Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.			
<b>Arrivals concourse</b>			
Passenger busy hour for arrivals concourse—start time (day/month/year hour)	30/12/2022 - 17	16/02/2023 - 18	N/A
Floor space (m <sup>2</sup> )	1,676	260	N/A
Passenger throughput during the passenger busy hour (passengers/hour)	1,667	1,478	N/A
Utilisation (busy hour passengers per 100m <sup>2</sup> )	99	568	N/A

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**SCHEDULE 13: REPORT ON CAPACITY UTILISATION INDICATORS FOR SPECIFIED PASSENGER TERMINAL ACTIVITIES (cont 2)**

ref Version 5.0

	International terminal	Domestic terminal	Common area †
<b>Total terminal functional areas providing facilities and service directly for passengers</b>			
131 Floor space (m <sup>2</sup> )	67,562	14,692	N/A
132 Number of working baggage trolleys available for passenger use at end of disclosure year	4,050	450	N/A

**Commentary concerning capacity utilisation indicators for Passenger Terminal Activities**

Refer to Disclosure Commentary Note 13.

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Commentary must include an assessment of the accuracy of the passenger data used to prepare the utilisation indicators.  
† For functional components which are normally shared by passengers on international and domestic aircraft.

Regulated Airport  
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**SCHEDULE 14: REPORT ON PASSENGER SATISFACTION INDICATORS**

ref Version 5.0

6	<b>Survey organisation</b>					
7	Survey organisation used	ACI				
8	If "Other", please specify					
9						
10	<b>Passenger satisfaction survey score</b>					
11	(average quarterly rating by service item)					
12	<b>Domestic terminal</b>	Quarter	1	2	3	4
13		for year ended	30 Sep 22	31 Dec 22	31 Mar 23	30 Jun 23
14	Ease of finding your way through an airport		3.9	3.9	3.7	3.9
15	Ease of making connections with other flights		3.8	3.4	3.4	3.7
16	Flight information display screens		4.0	3.9	3.9	4.0
17	Walking distance within and/or between terminals		4.0	3.8	3.8	3.9
18	Availability of baggage carts/trolleys					
19	Courtesy, helpfulness of airport staff (excluding check-in and security)		4.2	4.0	4.0	4.1
20	Availability of washrooms/toilets		3.9	3.7	3.7	3.8
21	Cleanliness of washrooms/toilets		3.7	3.8	3.6	3.8
22	Comfort of waiting/gate areas		3.6	3.5	3.4	3.5
23	Cleanliness of airport terminal		3.9	3.9	3.7	3.9
24	Ambience of the airport		3.7	3.7	3.6	3.7
25	Security inspection waiting time		4.0	4.1	3.7	4.0
26	Check-in waiting time		4.2	4.2	4.1	4.3
27	Feeling of being safe and secure		3.9	3.9	3.9	4.0
28	<b>Average survey score</b>		3.9	3.8	3.7	3.9

29	<b>International terminal</b>	Quarter	1	2	3	4
30		for year ended	30 Sep 22	31 Dec 22	31 Mar 23	30 Jun 23
31	Ease of finding your way through an airport		4.1	4.0	4.1	4.2
32	Ease of making connections with other flights		3.8	3.9	4.0	4.0
33	Flight information display screens		4.0	3.9	4.0	4.1
34	Walking distance within and/or between terminals		3.7	3.8	3.9	4.0
35	Availability of baggage carts/trolleys					
36	Courtesy, helpfulness of airport staff (excluding check-in and security)		4.1	4.2	4.2	4.2
37	Availability of washrooms/toilets		4.1	4.1	4.1	4.0
38	Cleanliness of washrooms/toilets		4.0	3.9	3.9	4.0
39	Comfort of waiting/gate areas		3.9	3.9	3.9	3.9
40	Cleanliness of airport terminal		4.1	4.1	4.2	4.1
41	Ambience of the airport		4.0	4.0	4.0	4.0
42	Passport and visa inspection waiting time		4.3	4.3	4.2	4.3
43	Security inspection waiting time		4.1	4.1	3.9	4.2
44	Check-in waiting time		4.2	4.0	4.0	4.2
45	Feeling of being safe and secure		4.2	4.1	4.2	4.2
46	<b>Average survey score</b>		4.0	4.0	4.0	4.1

The margin of error requirement specified in clause 2.4(3)(c) of the determination applies only to the combined quarterly survey results for the disclosure year. Quarterly results may not conform to the margin of error requirement.

**Commentary concerning report on passenger satisfaction indicators**

Commentary must include an assessment of the accuracy of the passenger data used to prepare the utilisation indicators and the internet location of fieldwork documentation.



Regulated Airport  
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**30 June 2023**

**SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES**

ref Version 5.0

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**Disclosure of the operational improvement process**

Please refer Disclosure Commentary Note 15.

*The process put in place by the Airport for it to meet regularly with airlines to improve the reliability and passenger satisfaction performance consistent with that reflected in the indicators.*

Regulated Airport  
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**Auckland International Airport Limited**  
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**SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS**

ref Version 5.0

**16a: Aircraft statistics**

Disclosures are categorised by core aircraft types such as Boeing 737-400 or Airbus A320. Sub variants within these types need not be disclosed.

**(i) International air passenger services—total number and MCTOW of landings by aircraft type during disclosure year**

Aircraft type	Total number of landings	Total MCTOW (tonnes)
Boeing 787-900	5,171	1,307,160
Boeing 777-300ER	2,039	713,705
Airbus A330-200	1,560	363,101
Airbus 321neo	2,936	274,516
Boeing 737-800 Passenger	2,703	209,803
Airbus 350-900	589	160,297
Airbus A330-300	656	152,929
Airbus A380-800 Passenger	213	122,445
Airbus A320	1,482	114,114
Boeing 777-200 / 200ER	214	63,296
Airbus A320neo	706	55,518
Airbus 350-1000	123	38,868
Boeing 737 MAX 8	230	18,904
Gulfstream G650	40	1,825
Bombardier BD-700 Global Express	28	1,211
Airbus A330-900neo	4	980
Dassault Falcon 7X	29	921
Saab 340	52	679
Gulfstream V	15	614
Canadair CL-600 / 601 / 604 Challenger	21	435
Bombardier Global 7000	8	417
Billing AT75	11	248
Boeing 737-300 Passenger	4	245
Boeing 787-800	1	228
Dassault Falcon 50 / 900	8	171
Gulfstream IV	5	168
Cessna Citation Sovereign	12	163
Embraer E190-E2	2	113
Dassault Falcon 2000	4	77
Boeing 737 All Pax Models	1	68
Boeing 737-400 Passenger	1	65
De Havilland DHC-8-300 Dash 8 / 8Q	3	59
British Aerospace BAe 146-200 / AVRO RJ85	1	42
Billing GL5T	1	42
Fokker 70	1	42
Dassault Falcon 8X	1	33
British Aerospace 125-1000 series / Hawker/Raytheon 1000	2	25
Embraer Legacy 600	1	19
Embraer RJ135	1	19
Dassault Falcon 50	1	18
Gulfstream Aerospace (Grumman) Gulfstream II / III	1	18
Bombardier BD-100 Challenger 300	1	18
Embraer EMB-505 Phenom 300	2	16
Cessna Citation Encore	2	15
Cessna Citation Latitude	1	14
Cessna 208 light aircraft	3	12
Gulfstream G100 - IAI Astra SPX	1	11
Learjet	1	11
Learjet 45	1	9
Pilatus PC-24	1	8
Billing BE40	1	7
Embraer Phenom 100	1	5
Cessna 210 Centurion	1	2
Piper PA-24 Comanche	1	1
<b>Total</b>	<b>18,898</b>	<b>3,603,725</b>

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**SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont)**

ref Version 5.0

(ii) Domestic air passenger services—the total number and MCTOW of landings of flights by aircraft type during disclosure year

(1). Domestic air passenger services—aircraft 30 tonnes MCTOW or more

Aircraft type	Total number of landings	Total MCTOW (tonnes)
Airbus A320	16,355	1,189,172
Airbus 321neo	1,632	148,236
Airbus A320neo	370	29,230
Boeing 787-900	12	3,033
Boeing 777-300ER	4	1,406
Gulfstream G650	12	558
Dassault Falcon 7X	17	540
Boeing 767-300 Passenger	2	318
Bombardier BD-700 Global Express	6	263
Gulfstream V	6	241
Gulfstream G-7 G600	3	129
Boeing 737 All Pax Models	1	68
Boeing 737-400 Passenger	1	65
Boeing 737-300 Passenger	1	61
Bombardier Global 7000	1	52
Billing GL5T	1	42
Gulfstream IV	1	34
Dassault Falcon 8X	1	33
<b>Total</b>	<b>18,426</b>	<b>1,373,481</b>

(2). Domestic air passenger services—aircraft 3 tonnes or more but less than 30 tonnes MCTOW

Aircraft type	Total number of landings	Total MCTOW (tonnes)
Billing AT76	11,093	255,139
De Havilland DHC-8-300 Dash 8 / 8Q	11,277	219,947
Saab 340	1,381	17,793
Cessna 208 light aircraft	3,629	14,403
Billing AT75	456	10,427
Fairchild SA26 / SA226 / SA227 / Metro / Merlin / Expediter	631	4,702
Metro III	237	1,720
Canadair CL-600 / 601 / 604 Challenger	29	600
Dassault Falcon 50	4	73
Dassault Falcon 50 / 900	3	65
Cessna Citation Sovereign	4	55
Dassault Falcon 2000	2	37
Bombardier BD-100 Challenger 300	2	35
Embraer Legacy 600	1	19
Embraer EMB-505 Phenom 300	2	16
Cessna Citation Encore	2	15
British Aerospace 125-1000 series / Hawker/Raytheon 1000	1	13
Billing C650	1	10
Cessna Citation CJ 1	1	6
Gulfstream/Rockwell (Aero) Turbo Commander	1	5
Cessna Citation Mustang	1	4
<b>Total</b>	<b>28,758</b>	<b>525,082</b>

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**SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 2)**

ref Version 5.0

(iii) The total number and MCTOW of landings of aircraft not included in (i) and (ii) above during disclosure year		Total number of landings	Total MCTOW (tonnes)
133			
134	Air passenger service aircraft less than 3 tonnes MCTOW	2	5
135	Freight aircraft	3,592	522,410
136	Military and diplomatic aircraft	6	369
137	Other aircraft (including General Aviation)	2,526	44,568
138			

(iv) The total number and MCTOW of landings during the disclosure year		Total number of landings	Total MCTOW (tonnes)
139			
140			
141	Total	72,208	6,069,640

**16b: Terminal access**

Number of domestic jet and international air passenger service aircraft movements\* during disclosure year categorised by the main form of passenger access to and from terminal

	Contact stand-airbridge	Contact stand-walking	Remote stand-bus	Total	
144					
145	International air passenger service movements	40,863	-	1,294	42,157
146	Domestic jet air passenger service movements	39,026	2,124	-	41,150
147					

\* NB. The terminal access disclosure figures do not include non-jet aircraft domestic air passenger service flights.

**16c: Passenger statistics**

	Domestic	International	Total	
148				
149				
150	The total number of passengers during disclosure year			
151	Inbound passengers†	4,067,468	3,934,733	8,002,201
152	Outbound passengers†	4,020,241	3,838,822	7,859,063
153	Total (gross figure)	8,087,709	7,773,555	15,861,264
154	less estimated number of transfer and transit passengers		599,084	599,084
155	Total (net figure)			15,262,180
156				

† Inbound and outbound passenger numbers include the number of transit and transfer passengers on the flight. The number of transit and transfer passengers can be subtracted from the total to estimate numbers that pass through the passenger terminal.

**16d: Airline statistics**

Name of each commercial carrier providing a regular air transport passenger service through the airport during disclosure year

Domestic	International
161	
162	Air Caledonie International
163	Air Chathams
164	Air New Zealand
165	Barrier Air
166	Jetstar Airways
167	
168	AirAsia X
169	Cathay Pacific
170	China Airlines
171	China Eastern Airlines
172	China Southern Airlines
173	Emirates
174	Fiji Airways
175	Hawaiian Airlines
176	Jetstar Airways
177	Korean Air
178	LATAM Airlines
179	Malaysia Airlines
180	Qantas
181	Qatar Airways
182	Singapore Airlines
183	United Airlines
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**SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 3)**

ref Version 5.0

**Airline statistics (cont)**

	Domestic	International
210		
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220		

**16e: Human Resource Statistics**

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Total
222				
223	296	161	19	476
224				53,056

**Commentary concerning the report on associated statistics**

Please refer Disclosure Commentary Note 16.

Regulated Airport  
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**Auckland International Airport Limited**  
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**SCHEDULE 17: REPORT ON PRICING STATISTICS**

ref Version 5.0

**17a: Components of Pricing Statistics**

	(\$000)
Net operating charges from airfield activities relating to domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	5,861
Net operating charges from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	24,438
Net operating charges from airfield activities relating to international flights	57,498
Net operating charges from specified passenger terminal activities relating to domestic passengers	24,265
Net operating charges from specified passenger terminal activities relating to international passengers	118,631
	<b>Number of passengers</b>
Number of domestic passengers on flights of 3 tonnes or more but less than 30 tonnes MCTOW	2,438,510
Number of domestic passengers on flights of 30 tonnes MCTOW or more	5,649,199
Number of international passengers	7,773,555
	<b>Total MCTOW (tonnes)</b>
Total MCTOW of domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	525,082
Total MCTOW of domestic flights of 30 tonnes MCTOW or more	1,373,481
Total MCTOW of international flights	4,043,717

**17b: Pricing Statistics**

	Average charge (\$ per passenger)	Average charge (\$ per tonne MCTOW)
Average charge from airfield activities relating to domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	2.40	11.16
Average charge from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	4.33	17.79
Average charge from airfield activities relating to international flights	7.40	14.22
	Average charge (\$ per domestic passenger)	Average charge (\$ per international passenger)
Average charge from specified passenger terminal activities	3.00	15.26
	Average charge (\$ per domestic passenger)	Average charge (\$ per international passenger)
Average charge from airfield activities and specified passenger terminal activities	6.75	22.66

**Commentary on Pricing Statistics**

Please refer Disclosure Commentary Note 17.

## **SCHEDULE 20**

### **CERTIFICATION FOR DISCLOSED INFORMATION**

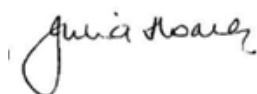
Clause 2.7(1)

We, Dr Patrick Strange and Julia Hoare, being directors of Auckland International Airport Limited certify that, having made all reasonable enquiry, to the best of our knowledge the following attached audited information of Auckland International Airport Limited, prepared for the purposes of clauses 2.3(1) and 2.4(1) of the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 complies with that determination.

Signed on behalf of the Board by:



Patrick Strange  
Director, Chair of the Board



Julia Hoare  
Director, Chair of the Audit and Financial Risk Committee

21 November 2023

## Independent Assurance Report

### To the Board of Directors of Auckland International Airport Limited and to the Commerce Commission

#### Opinion

We have undertaken a reasonable assurance engagement on the compliance of the attached Airport Services Information Disclosure Schedules, comprised of Schedules 1 to 17 of Auckland International Airport Limited (the 'Company') and its subsidiaries (the 'Group') for the year ended 30 June 2023 (the 'Schedules'), with the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 ('Determination').

In our opinion:

- subject to Clause 2.6(3) of the Determination, proper records have been kept by the Group to enable the complete and accurate compilation of required information, as far as appears from our examination of those records;
- the historical financial information included in Schedules 1 through to 10 has been prepared in all material respects in accordance with the Determination;
- subject to clause 2.6(3) of the Determination, the historical non-financial information included in Schedules 11 through to 17 complies in all material respects with the requirements of the Determination, including guidance issued pursuant to the Determination, and the information is based on the records provided by the Group.

#### Basis for opinion

We conducted our engagement in accordance with Standard on Assurance Engagements 3100 (Revised) Compliance Engagements ('SAE 3100 (Revised)') issued by the New Zealand Auditing and Assurance Standards Board.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Directors' responsibilities for the Schedules

The directors are responsible on behalf of the Group for the preparation and presentation of the Schedules in accordance with the Determination. This responsibility includes identification of the risks that threaten the compliance requirements identified above being met and the design, implementation and maintenance of internal controls relevant to mitigating those risks and monitoring ongoing compliance with the requirements of the Determination.

#### Our independence and quality control

We have complied with the independence and other ethical requirements of the Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* ('PES-1') issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3: *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other than in our capacity as auditor, our firm carries out other assignments for the Group in the area of greenhouse gas inventory assurance reporting, trustee reporting, and non-assurance services in relation to the integrity of the aeronautical pricing model as well as non-assurance services provided to the Corporate Taxpayers Group of which the Company is a member. These services have not impaired our independence as auditor of the Company and Group. In addition to this, partners and employees of our firm deal with the Company and its subsidiaries on normal terms within the ordinary



course of trading activities of the business the Company and its subsidiaries. The firm has no other relationship with, or interest in, the Company or any of its subsidiaries.

## **Our responsibility**

Our responsibility is to express an opinion on whether the Schedules comply, in all material respects, with the requirements of the Determination. SAE 3100 (Revised) requires that we plan and perform procedures to obtain reasonable assurance about whether the Group has complied, in all material respects, with the requirements of the Determination for the year ended 30 June 2023.

An assurance engagement to report on the Group's compliance with the requirements of the Determination involves planning and performing procedures to obtain evidence about the compliance activity and controls implemented to ensure the Schedules meet the requirements of the Determination. The procedures selected depend on our judgement, including the identification and assessment of risks of material non-compliance with the requirements of the Determination.

Our procedures included:

- identifying key inputs to the information in the Schedules and reconciling or agreeing them to source documents and systems, subject to clause 2.6(3) of the Determination; and,
- considering the methodologies used in preparing the Historical Non-Financial information included in Schedules 11 through to 17 and confirming that they are in accordance with the guidance issued pursuant to the Determination.

In respect of the historical financial information, we note that the Determination requires the Group to provide historical financial information relating only to its specified airport services. This information has been extracted from the underlying accounting records of the Group, which we have previously audited. For the purposes of this engagement, our work on the historical financial information was limited to:

- obtaining an understanding of how the Group has determined its allocation methodology in accordance with the Determination, in order to allocate revenue, expenses and assets to the Specified Airport Services;
- evaluating how the allocation methodology has been applied by testing the allocation of revenue, expenses and assets to the Specified Airport Services on a sample basis; and,
- agreeing the Historical Financial Information in the Schedules to the Group's underlying records, and to the company's audited annual financial statements, where appropriate.

These procedures have been undertaken to form an opinion as specified above.

## **Inherent limitations**

Because of the inherent limitations of an assurance engagement, together with the inherent limitations of any system of internal control, there is unavoidable risk that fraud, error or non-compliance by the Group may occur and not be detected even though the engagement is properly planned and performed in accordance with SAE 3100 (Revised).

As permitted by Clause 2.6(3) of the Determination we have relied on records that have been sourced from a third party in respect of certain non-financial information. For these items, our procedures were limited to confirming that the information in Schedules 11 to 17 agreed to the third party records provided to us.

Our procedures on the forecast information in Schedules 6, 9 and 10 were limited to agreeing that information to the forecast information prepared by the Group and required by the Determination to be included in Schedule 18. Schedule 18 is published by the Group in a separate document. These procedures do not provide assurance that



forecast information was accurate or reasonable at the time it was prepared, or that it subsequently was (or will be) proved to be accurate.

Further, a reasonable assurance engagement for the year ended 30 June 2023 does not provide assurance on whether compliance with the requirements of the Determination will continue in the future.

**Restriction on use**

This report is made solely to the Directors of Auckland International Airport Limited and the Commissioners of the New Zealand Commerce Commission in accordance with the Determination. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Directors of Auckland International Airport Limited, and the Commissioners, or for any purpose other than that for which it was prepared.

*Deloitte Limited*

**Deloitte Limited**  
**Auckland, New Zealand**  
21 November 2023