Auckland Airport

Annual Information Disclosure

Regulatory Performance Summary
For the year ended 30 June 2019

Chief Executive's report

This is Auckland Airport's second disclosure relating to the five-year pricing period from 1 July 2017 to 30 June 2022 (PSE3). It is an opportunity for us to report on our performance since setting these prices and provide information that gives our stakeholders confidence that we remain focussed on delivering for our customers now and into the future.

FY19 marked another year of progress towards Auckland Airport's multi-billion-dollar investment programme to build the airport of the future. We are proud to be an important economic engine for New Zealand, making a significant contribution to our community and helping to grow our country's success in travel, trade and tourism.

Our ambition is to:

- build a vibrant transport, trade and tourism hub that New Zealanders are proud of;
- support economic growth and create enduring value in our regions and cities;
- be a good neighbour to our local communities; and
- operate sustainably.

Our 30-year vision includes major upgrades to our terminal, airfield, ground transport and utilities infrastructure. Almost every part of Auckland Airport's precinct will be transformed.

We are pleased to report that significant progress has been made on the following anchor projects:

- completion of our multi-stage 35,000m^2 redevelopment of the international terminal departure area;
- the Northern Network – we have awarded our largest roading project in decades which will transform the main entranceway into the airport and provide for future growth; and
- Taxiway Mike and Lima airfield expansion – works are underway to convert 250,000m^2 of land (~ six rugby fields) at the western end of the airport into 18% more paved surface area for the airfield including new taxiways and six new remote aircraft stands.

Our broader infrastructure programme is significant to the country. We have to think long-term and make investment and aeronautical pricing decisions that balance the needs of current and future airlines, passengers, government agencies and wider New Zealand. Our ability to do this relies on a statutory power to set charges, which are rigorously scrutinised by the Commerce Commission. Airport economic regulation was strengthened with amendments to the Commerce Act in 2018, which clarified the process the Commission and Government can use to intervene should they consider that Auckland Airport's charges are not justified.

In 2017 we announced our long-term aeronautical infrastructure investment programme and set prices for airlines which we considered were fair, competitive and in line with international standards. We were the first airport to apply the Commission's new guidelines around the evidential standards required to justify airport specific target returns that differ from its sector-wide airport WACC benchmark of 6.41%. In November 2018, following a lengthy and detailed review, the Commission concluded that our target return was not fully justified, despite our once in a generation investment programme. Auckland Airport carefully considered the Commission's additional guidelines and decided to implement discounts which had the effect of reducing charges to airlines by $33 million over the final three years of the current five-year pricing period – taking us out to the 2022 financial year. This represents a reduction in our five-year aeronautical pricing target return from 6.99% to 6.62% after tax.

This is evidence of a regime, with a clear regulatory oversight, which is working. Although we firmly believed that our original target returns were fully justified, we acknowledged that the Commerce Commission held a different view. The Commission welcomed Auckland Airport's revised prices as a good result for consumers and which showed the benefits of the current economic regulation. We believe that following a long and intensive process, the Commission, airports and airlines now have clarity on the performance outcomes expected under the Commerce Commission's regulatory regime.

We have significant concerns regarding a Government proposal to remove the statutory power of airports to set charges, which would significantly disrupt the stability of the regime and make it very risky for regulated airports to make today's required once-in-a-generation investment in new airport infrastructure.

Despite the many uncertainties facing the sector, Auckland Airport is getting on with delivering what is the largest private infrastructure development Auckland will see over the next five years; investment that is crucial for New Zealand.

Adrian Littlewood

Chief Executive

Investing in sustainable growth and trade

We are committed to growing our country's success in travel, trade and tourism.

In the 53 years since Auckland Airport opened, the airport has evolved and grown from several hundred thousand travellers in 1966 to over 21 million in 2019 - a number which is expected to double again by 2044. Auckland Airport is also New Zealand's second largest cargo port by value, handling $12 billion of imports, $7 billion of exports and a total of 240,000 tonnes of airfreight each year.

We have an ambitious and collaborative approach to helping New Zealand sustainably unlock growth opportunities.

Auckland Airport continues to support initiatives that contribute towards New Zealand's wellbeing through our direct initiatives with tourism and export industries and by supporting our wider community to do the same. In FY19 Auckland Airport:

- funded research that has proposed a new industry framework called the Sustainable Tourism Growth Monitor;
- supported the development of the Government's tourism policy as well as a new industry strategy for the Tourism Industry Association - Tourism 2025 and Beyond;
- supported tourism product innovation through our partnership with Eat NZ; and
- participated in the development of a new tourism management strategy for Auckland - Destination AKL 2025.

We work actively with our airline customers and industry partners to develop routes to provide customers with greater choice and to deliver more frequent and convenient flight schedules. In FY19 we announced a number of new routes and new opportunities with our airline partners, including:

- a new direct route from Auckland to Seoul that will add 105,000 seats and 4,855 tonnes of cargo per year commencing in November 2019;
- new flights between Auckland and Vancouver from December 2019 that will add 31,000 seats per year and 650 tonnes of cargo;
- a third daily Auckland to Singapore flight from October 2018; and
- new direct routes from Auckland to Chicago and Auckland to Taipei.

These and a range of other flight changes across our airline partners have resulted in 685,000 net additional seats per annum and an estimated 60,800 net tonnes of additional international cargo capacity in FY19. As well as the clear benefits to travellers, the development of new routes opens new markets for New Zealand exporters and provides New Zealand customers with more important choices.

Globally, passenger demand for travel has slowed, including in some of our key visitor source markets - Australia, China and Japan. We are also seeing airlines adjust their business strategies to focus on profitability over capacity.

Despite this, growth for the PSE3 period to date has been broadly in line with the forecasts at the time prices were set, albeit with higher than forecast domestic passengers and lower than forecast international passengers. In FY19 we were impacted by the following capacity changes:

- Hong Kong Airlines and Air Asia discontinued their New Zealand services;
- Emirates discontinued their A380's flying on the Tasman;
- Virgin Australia added seasonal flights from Newcastle (Australia); and
- Air New Zealand added new routes to Taipei and Chicago.

For further information refer to Section 16 of the Annual Disclosure Commentaries.

FY19:

+2.8%
increase in total passengers (21.1m total passengers)

+60,800
tonnes of additional international cargo capacity

29
international airlines

49
international destinations

3%
increase in International passengers

3.6%
increase in Domestic passengers

Conversion of
250,000m²
of land into new airfield area

$333.2 million
invested PSE3 period
to date

Planning, building and delivering a world class airport experience

Our vision is a vibrant economic hub which will create enduring value for New Zealand for generations to come. Our aeronautical programme is one of the largest and most complex infrastructure programmes in the country.

In FY19 we completed the challenging transformation of the international terminal departures area, awarded construction contracts for two anchor projects and advanced design on the remainder.

Despite material progress made, overall our aeronautical infrastructure programme is behind forecast.

In FY19 we have done a deep dive into the timing, sequencing and design elements, so we have a tighter plan, better cost control, and a realistic build programme. This involves working closely with others across the business and bringing our airline customers into the heart of the process.

Management's priority in the delivery of the planned aeronautical infrastructure investment programme, is to provide valued solutions and as much customer service benefit as possible by FY22.

In order to support this, we have adopted new ways of working; trialling parts of agile methodology to bring together diverse teams focussed on making customer centred decisions. We have adopted technology which enables designers to work together throughout every phase of a project using digital 3D models of our airport assets. We are also using the technology to create a complex model of future construction projects at the airport precinct to better manage workflow planning, logistics and other aspects of the construction process.

In terms of our anchor projects, in FY19 we made significant progress in the delivery of our:

- **Domestic Jet Facility**
  Commenced concept design work after establishing principal design elements and consulting with airlines on function and process.
- **New International Arrivals**
  Completed preliminary design, agreed key elements with border agencies and airlines, awarded and commenced the next phase of design with Early Contractor Involvement in progress.
- **Domestic Terminal Works**
  Expansion of the foodcourt and security areas commenced with further feasibility studies undertaken for additional works.
- **Northern Stands and Taxiways**
  Finalised detailed design, agreed acceleration of the project with stakeholders and awarded the construction contract.
- **Northern Runway**
  Notice of Requirement decision issued, feasibility design completed, and concept design commenced.
- **Northern Road Network**
  Construction contract awarded with on-going detailed design and consultation with airlines and other stakeholders .

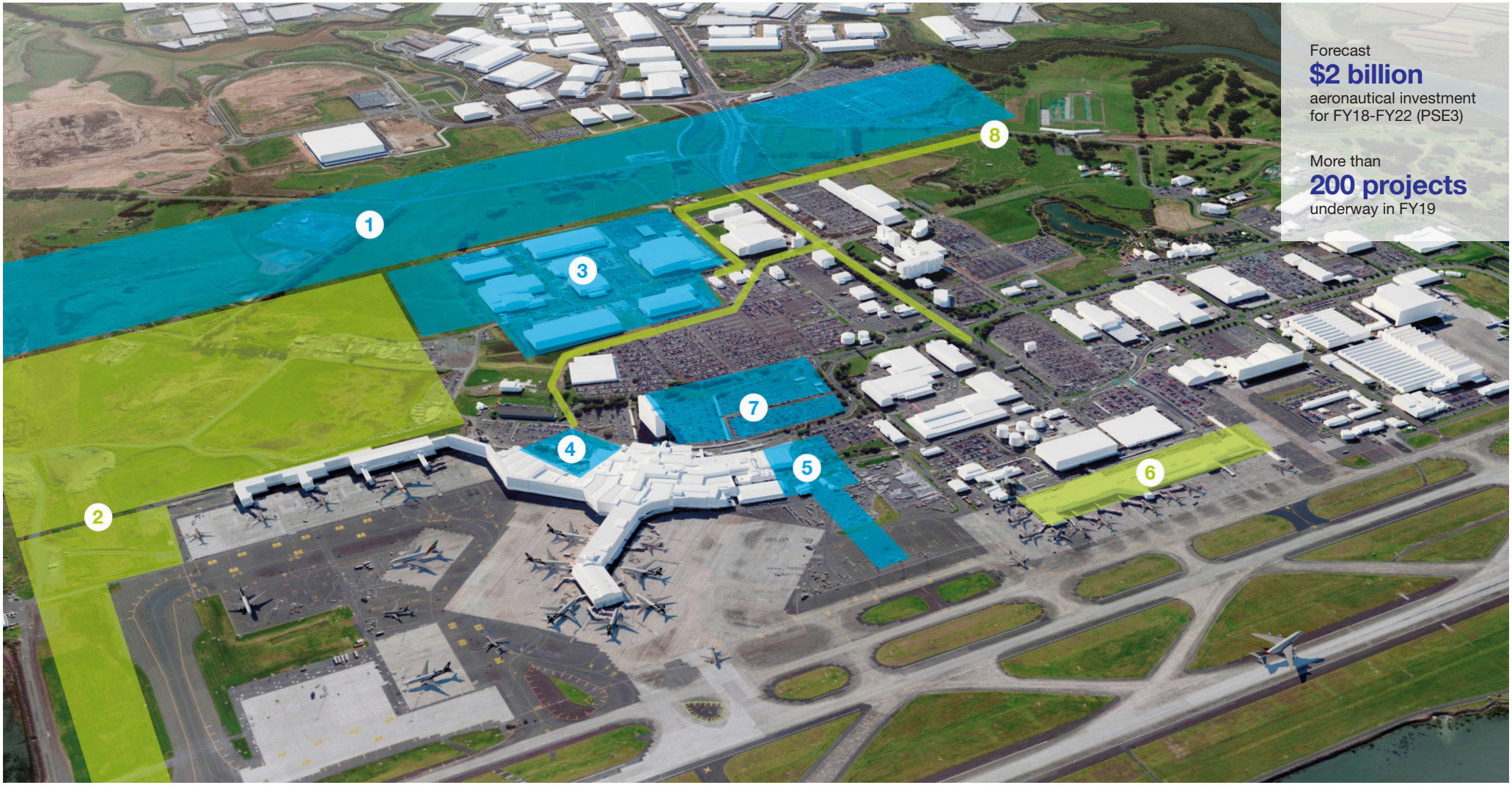
Less visible to the public have been activities to create both operating and construction headroom (often moving non-aeronautical activities) and to enable areas for construction works.

Our roading network is also a key enabler of future projects. We recently completed a 920m extension at Nixon Road and an upgrade at the Landing Road intersection to help alleviate congestion and remove 50,000 heavy vehicle transit movements from the core airport roading network. We are working to create a resilient transport network, ensuring consistent and reliable journeys for people travelling to, from and around the airport.

In FY20, Auckland Airport will continue to focus on planning, building and delivering the infrastructure required by our airline customers, passengers, Auckland and wider New Zealand.

For further explanation of our investment progress relative to forecast refer to Section 4 for commissioned assets and Section 6 for capital expenditure of the Annual Disclosure Commentaries.

Progress towards delivering our 30-year vision



Forecast
$2 billion
aeronautical investment
for FY18-FY22 (PSE3)

More than
200 projects
underway in FY19

Airfield

1 Northern runway

2 Northern stands and taxiways

Terminal

3 New cargo precinct

4 New international arrivals

5 New domestic jet facility

6 Domestic terminal works

Transport

7 Pick-up/drop-off and multi-storey car park 1

8 Northern network

Key Feasibility/Design Constructing

Committed to innovation and operating efficiently and effectively

We remain focussed on being fast, efficient and effective now and into the future. We continue to deploy strategies around people, process, partners and technology to drive:

- Reliability, integrity and resilience
- Optimising system capacity
- Operational excellence

Our service reliability materially improved in FY19 with double digit percentage reductions to both the number of interruptions, and duration of these interruptions. We have learnt from two incidents in the year which disrupted a significant number of outbound flights.

In FY19 initiatives were focussed on enhancing overall system performance, including:

- the launch of Airport Collaborative Decision Making – 2.0 to improve access to real time data and improve ground performance of airfield, with spillover benefits of reducing fuel burn and CO2 emissions;
- increasing the use of technology in the terminal to maximise the productivity of space (e.g. investing in 60 mobile self-service check-in desks);
- process changes to international departures and biosecurity screening;
- updating back-of-house baggage systems to improve baggage claim time;
- installing more sustainable electric plant which led to a decrease in energy use per passenger by 18%;
- agreeing with the Airfield Capacity Enhancement group the pathway to realise its target to increase the existing runway's air traffic movement capacity to 47 per hour in 1H20 and to 50 per hour by 2022;
- increasing the scope of peak season operational planning to include initiatives to reduce congestion on the roads; and
- collaborative forums with airport stakeholders to drive innovation and effectiveness (e.g. Airport Operations Centre, Waste reduction initiatives).

As we build the airport of the future, parallel work streams are required to design processes that will make travellers' journeys more seamless and the operation more efficient over time. Our aspiration is for passengers to be able to check in and print bag tags at designated places outside of the terminal. In FY19 we have participated in technology trials with government agencies to smooth our guests' journey.

We are investing in leading edge design solutions to manage the scale and complexity of Auckland Airport's infrastructure development programme. This includes the way we manage our assets over their lifecycles, from early design through to end of life. We have adopted integrated Building Information Modelling (BIM) and Geographical Information Systems (GIS) software – these have allowed us to start creating digital 3D models of our airport assets.

We have strengthened our leadership team this year, hiring a new General Manager of Marketing and Technology and a new General Manager Corporate Services, both who play a critical role ensuring that we have people, process and technology solutions which support innovation, efficiency and effectiveness.

For further evidence of our commitment to innovation and operating efficiently refer to Sections 6,11,12,13 and 15 of the Annual Disclosure Commentaries.

Our golden metrics around efficiency and effectiveness show for FY19:

- interruptions dropped from 66 to 39;
- on time departure delays remain less than 0.1% of total aircraft movements but increased from 43 to 102;
- availability of material services > 99.983%; and
- reduced carbon emissions by 33% compared to 2012 baseline.

Important initiatives in this area:

- introduced "drop and ride" and staff public transport programmes to help alleviate roading network congestion during peak summer periods;
- provisioned for 20 additional electric vehicle charging stations; and
- doubled the number of self-service kiosks to 120, reducing average check-in and bag drop times from 20 minutes to 8.5 minutes.

Our golden metrics around customer service for FY19:

- traveller ASQ satisfaction of better than 8/10; and
- reduced our passenger injury rate by 41.3%.

Important initiatives in this area:

- invested in our public Wi-Fi, delivering significant new capacity and increasing the free period from 1 hour to 2 hours for travellers
- 22.4% year on year decrease in number of international flights bussed to/from remote stands

Meeting and exceeding customer expectations

Making journeys better for all remains a company priority. The most noticeable change for customers in FY19 is the new international terminal departures area which provides travellers at the start of their journey with upgraded bathrooms, generous public seating areas, more device charging stations, an enhanced shopping experience and award winning food options.

In FY19 we developed a customer service promise and guiding principles to enhance service levels throughout the customer journey. This is a transformational initiative that will ensure our guests understand we are there to help, not "process" them through the airport journey.

As one of the largest infrastructure development sites in the country, safety is paramount. In FY19 we established a Common User Safety Protocol (CUSP) with many of our partners (airlines, border agencies, security partners and ground handlers). The CUSP, signed by our CEO and other senior executives, is a joint commitment by businesses operating around the airport precinct to provide the safest work environment possible in common-use areas in and around the terminals. We also reallocated staff resourcing to high-accident areas, helping reduce our passenger injury rate.

As the world becomes increasingly digital, we continue to work hard behind the scenes to develop innovative solutions that provide our customers with greater benefits. More evident to travellers will be the recently completed upgrade of our Wi-Fi network, enabling improved service and the extension of the free use period for travellers to 2 hours.

Other customer initiatives completed in FY19 include:

- increased self-service check-in;
- new emigration, security processing and passenger decompression areas in the international terminal departures area;
- 4,000 new braked baggage trolleys across domestic and international terminals;
- 4 additional mobile airbridges; and
- establishment of our customer contact centre as a permanent function in FY19 following a successful pilot.

These various initiatives have been well received by the public. Auckland Airport maintained its Domestic Terminal Airport Service Quality ("ASQ") rating at 4.1, despite on-going construction work, and improved its International Terminal rating from 4.1 in FY18 to 4.2.

For the third year running, Auckland Airport was named in Colmar Brunton's top 10 Corporate Reputation Index as one of New Zealand's most trusted companies.

We continue to actively seek feedback from travellers on our current operation and future development designs to ensure that the customer perspective is taken into account from the outset. This also extends to our work with the airlines and government agencies, who are both our customers and partners, collaborating with them to deliver end to end solutions that meet their needs, that of the travelling public, and exporters and importers.

A key strategy for meeting and exceeding customer expectations is to ensure there is continual customer engagement with airlines and passengers in the design process. Our airline customers are intimately involved in the design process. We also run design exercises with focus groups of travellers.

For further explanation of our commitment to delivering quality services, refer to Sections 4, 14 and 15 of the Annual Disclosure Commentaries.

Continuing to deliver for our people, our customers, our community, New Zealanders, and our shareholders

We are working for New Zealand. Our staff care about making the lives of New Zealanders better and contributing to a world class aviation industry.

Auckland Airport remains an important economic hub for New Zealand. Direct economic benefits[2] for New Zealand from airport activity are estimated annually at:

- $2.7 billion in GDP
- 20,180 people employed directly on the airport precinct (FTEs)
- $1.2 billion in household income
- 800+ businesses

We aim to be a good employer, a strong and productive member of the community and a considerate neighbour.

Ara, our airport jobs and skills hub, is a joint initiative between Auckland Airport, the South Auckland community, government agencies, training providers and employers. In FY19, Ara was awarded the NZ Airports Association Community Engagement Initiative of the Year. Highlights of the programme in 2019 included:

- 210 total job placements made through the programme;
- 784 people completed training opportunities offered through Ara; and
- 77 students involved in work experience.

This year we continued to progress our targets for energy, carbon, water and waste minimisation across our operations. In FY19 we:

- were recognised as a finalist in the Enviro-Mark Solutions 2019 Excellence in Climate Action Awards;
- published our own Corporate Responsibility Report aligned to the Global Reporting Initiative Standard;
- improved our ranking to B, compared to the Oceania regional average of C, in the carbon reduction and benchmarking Carbon Disclosure Project initiative;
- were included in the Dow Jones Sustainability Index for the 7th year in a row and in the FTSE4Good Index since 2008; and
- continued to participate in the infrastructure assessment of the Global Real Estate Sustainability Benchmark (GRESB) and the newly created Public Disclosure Assessment.

For further information on our commitments on health and safety and sustainability, refer to Section 15 of the Annual Disclosure Commentaries.

We are targeting a five-year return of 6.62% for aeronautical prices and 6.72% overall. Our returns were forecast to be higher in the first half of PSE3 than our average target return for the entire pricing period, as average charges per passenger track down and total aeronautical assets track upwards over the full five years. Our two-year period to date total regulated returns are slightly above forecast, albeit broadly in line with expectations at 9.74% versus the 8.78% forecast for the first two years of PSE3.

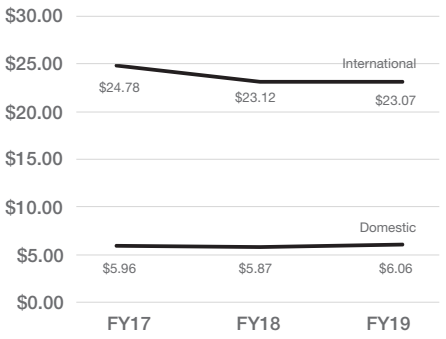
Ensuring our pricing is fair and reasonable is important to us. Our domestic charges remain among the lowest in Australasia, and we rank approximately mid-way through a group of 26 peer international airports for our international charges. Discounted aeronautical prices will take effect from the third year of the pricing period.

In relation to Auckland Airport's terminal services and airfield activities, which are almost entirely funded by priced activities through passenger charges, aircraft parking charges and landing charges that are paid by the airlines serving Auckland, our two-year period to date IRR of 8.86% was slightly below our original aeronautical pricing forecast of 9.06%. This was mainly due to lower than forecast international passenger and aircraft movements over the period to date.

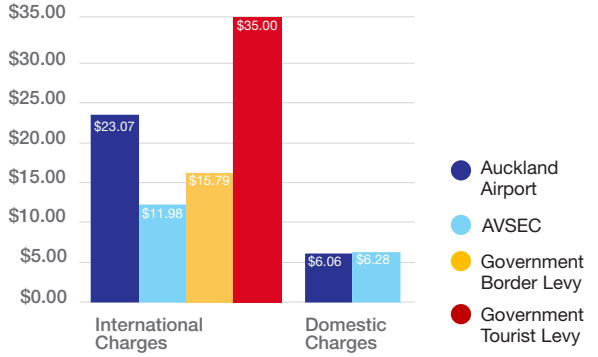
Regulated airports' incentives to make long-term investments in an environment of material uncertainty are currently finely balanced. We await the conclusion of the Civil Aviation Act review which we hope will remove the uncertainty which currently exists regarding our economic regulation settings.

[2]The economic benefits of Auckland Airport to the regions of New Zealand are on top of these estimates.

Average Auckland Airport Charges per Pax



Average Charges per Pax FY19



Two-year period to date total regulated activities IRR

9.74%

aeronautical compared to forecast 8.78%

Two-year period to date priced activities IRR

8.86%

aeronautical compared to forecast 9.06%

$583,907

invested in local communities

$120,000

of public donations collected and redistributed to 12 charities as part of our annual "12 days of Christmas" initiative

10

education scholarships provided to local students

Auckland Airport

Annual Disclosure Commentaries

30 June 2019

Auckland Airport

CONTENTS

Introduction

This disclosure is the second disclosure relating to Price Setting Event 3 (PSE3), which runs from 1 July 2017 to 30 June 2022 (FY18 – FY22). The following Annual Disclosure Commentaries and the Information Disclosure Information Templates (ID Templates) comply with the ID requirements and provide contextual analysis of how Auckland Airport is focused on benefiting consumers through:

a) identifying and implementing innovations;

b) investing efficiently in new, replacement and upgraded assets;

c) providing services of the quality and range required by consumers;

d) generating efficiencies and sharing the benefits; and

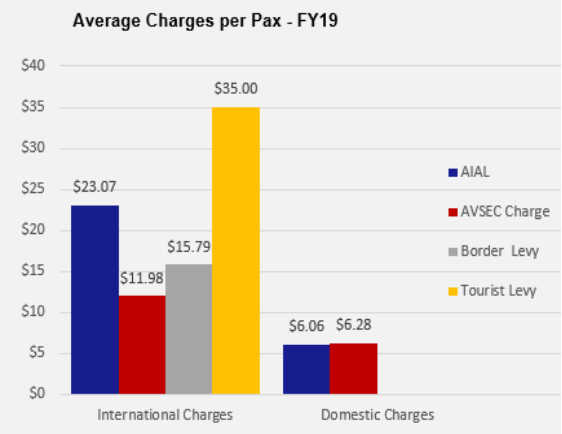
e) earning a fair and reasonable return on the investments made.

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

The Government does not require the Commission to directly control airport prices but rather to review our price-setting decisions and annual disclosures to promote greater understanding of our performance, and to influence outcomes that promote the long-term benefit of consumers. In June 2017 we set prices for the second time since the introduction of the ID regime in 2010. We sought the appropriate balance between charging reasonable prices, supporting the most significant investment programme we have ever contemplated and continuing to deliver high quality customer experiences. We considered our 6.99% target return was justified, however the Commission held a different view on the relevance of Auckland-Airport-specific systematic risk data and the extent to which the investment programme justified a return above the Commission's benchmark industry-wide estimate. Consequently, in February 2019 we set out discounts to apply from 1 July 2019 to 30 June 2022. The discounts reduced our PSE3 target return to 6.62% (55th WACC IM percentile) and we have applied the same rate (6.62%) to calculate the holding costs for assets held for future use and works under construction.

This response demonstrates that Auckland Airport remains committed to the ID regime and working with the Commission, our passengers and our customers to ensure our decision-making promotes the long-term benefits of consumers.

To provide some relative perspective on our charges we show on the right a comparison of our charges in FY19 versus charges by other government agencies.



We believe the ID reporting regime provides an effective means for explaining an airport's performance in relation to its regulated services, including pricing arrangements, quality of service, capacity constraints and capital requirements.

We encourage interested parties to exercise caution when interpreting variances between actual performance and the ID benchmarks, the original price setting forecasts, and when making comparisons between airports. We have sought to explain material variations between ID benchmarks and forecasts. However, we note that interrelationships exist between capital and operational expenditure, innovation and quality and therefore it is difficult to draw conclusions on forecast versus actual outcomes for one isolated benchmark and over a short time period. Effective performance is better assessed over a reasonable period of time, across a range of interlinked performance measures.

The detailed commentaries provided below support the information contained in the ID Templates and summarise our approach towards promoting the above outcomes.[1] The numbering of sections within this report is consistent with the schedule numbers contained in the ID templates that provide empirical data on performance against the Part 4 objectives.

Identifying and implementing innovations

The aviation sector has a culture of innovation, aimed at improving operational performance, reliability performance, passenger experience, efficiency of expenditure, efficiency of investment and the success of route development initiatives. Innovation can also lead to reductions in operational risk that might not be obvious to the travelling public.

One of the key drivers of innovation is destination competition. To compete effectively with the likes of Sydney, Melbourne, Brisbane, Wellington and Christchurch Airports, Auckland Airport strives to match or outperform the aeronautical operating performance of our competitor airports. This objective helps inform the terminal design, which ultimately supports passenger satisfaction.

Auckland Airport is building the airport of the future. Conceptualising and developing an airport that is built to exist in a context thirty years from now requires innovation in process, technologies and delivery of infrastructure which is flexible to respond to changes in aircraft design or performance. We seek to innovate to support all our key purposes and principles. Innovation can direct and prioritise appropriate investment, work to improve customer service quality, and help to generate efficiencies in the business. Auckland Airport is continuously focused on the introduction of new processes and technologies to improve the overall experience on the precinct.

Auckland Airport is an active partner to the aviation industry, committed to the identification and development of innovations. This remains very important in an industry competing for the international traveller and faced with a range of increased costs across the wider domestic and international airports system which present risks to the competitiveness of New Zealand's tourism product. Auckland Airport actively facilitates the identification and prioritisation of opportunities and works together with the Board of Airline Representatives New Zealand (BARNZ), our major customer Air New Zealand, and government agencies to bring about change. Auckland Airport delivers airport investments that create value for the industry by

[1] For further detail refer to previous disclosures.

increasing the productivity of existing infrastructure and providing new infrastructure that supports superior economic, social or environmental outcomes. Many benefits of our innovation can flow directly or indirectly to Airlines and consumers, as opposed to directly reducing Auckland Airport's operating costs.

Innovation can lead to the development and delivery of new, best in class, goods or services, and/or more efficient production techniques.

Please refer to the following sections for non-exhaustive examples of how in FY19 Auckland Airport innovated:

- reliability and performance - Section 11;
- capacity utilisation of terminal and airfield facilities - Sections 12 and 13; and
- operational improvement processes - Section 15.

Investing efficiently

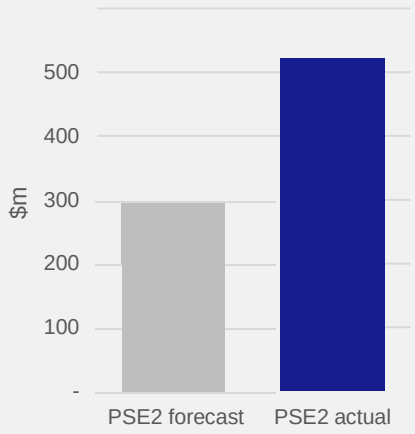
We are New Zealand's front door and we hosted more than 21.1 million passenger movements in FY19, some of whom were being welcomed into New Zealand for the first time. Auckland Airport is committed to ongoing investment, for the benefit of our city, country, customers and investors. It is crucial that we maximise the efficiency of existing infrastructure and develop necessary infrastructure to support the predicted growth in demand

In March 2014 we published a distillation of the Masterplan called Airport of the Future: Our vision for the next 30 years. Our vision is to build a world-class airport that supports airlines and aviation-related businesses to be economically successful and to boost the economies of Auckland and New Zealand. Our vision extends 30 years so that it can be planned and built in stages. This is to ensure that it is realistic and affordable, but also so that operations can continue without disruption, to the greatest extent possible.

Our airlines customers play an active role in the realisation of this vision. We consult on the aeronautical investment programme when we set prices and seek to ensure it is supported by customers at that time. We continue to consult during the design process and up to project finalisation. This can result in further (material) changes to design, timing and cost. Given the scale and long-term nature of the investment, it is better to take the time to get it right.

A constant challenge is balancing investment timing with a changing demand environment. We do not seek to underinvest, nor overinvest. In setting prices for PSE2 (FY12-FY17), neither Auckland Airport, nor our airline customers predicted the scale of the growth that eventuated. During the period we were able to bring forward the planned Pier B project which the airlines originally had requested be deferred from PSE2. Whilst airlines have claimed that we have underinvested, we had in fact together agreed the original capital plan and later we responded to higher than forecast demand growth and accelerated the programme. Over PSE2 we ultimately invested $522m, an 80% increase on the forecast of $290m set when the

Figure 1 - PSE2 cumulative capital expenditure



demand environment was more subdued.

In mid-2017 we announced a circa $2bn aeronautical investment program for PSE3. This program is unprecedented for Auckland Airport and consequently PSE3 marks the beginning of an investment era and the organisational transformation necessary to support what represents one of New Zealand's largest non-government infrastructure programmes.

At the same time, we set prices and targeted a return of 6.99% to fund the planned investment programme. Since that announcement Auckland Airport has reduced its target return for priced assets to 6.62% and an overall target return for total regulated activities of 6.72%. We continue to review the risk and return profiles of our current programme comprising more than 200 projects.

Our investment philosophy is that:

- a long-term planning horizon is important as it provides transparency for stakeholders, including those delivering critical and interdependent infrastructure ;
- customers provide valuable feedback which influences the design process and timeframes;
- enabling sustainable demand growth, appropriate quality and resilience will be the main triggers for infrastructure development;
- investments should be safe, efficient, resilient, flexible and consider environmental and community impacts;
- a high-quality experience for airlines and passengers should be planned and built in stages to the extent possible to ensure the vision is affordable and implementable;
- trade-offs are required around constructability and delivering infrastructure in stages;
- infrastructure delivery in any sector involves substantial risk that needs to be identified. Any frustrations or disruptions to our passengers need to be proactively mitigated; and
- a reasonable long-term return as close as possible to our weighted average cost of capital (WACC) should be earned on investment.

Ahead of capital investment, we review the range of alternative options that exist, including what operating process or technological solutions exist to extend the life or improve the productivity of existing built assets. Key principles that are applied when evaluating options are the relative fit with demand, customer journey and experience, operational efficiency, resilience, flexibility, future proofing, buildability, affordability, safety and security in design and sustainability.

We make the key investment decisions following extensive consultation with airlines. At the highest level, airline support can help Auckland Airport to develop a design that strikes the right balance of delivering what is necessary to meet passenger and operating needs in the most cost-efficient and effective way.

Our airline customers are active collaborators in the design process, and we value their contributions which can cause planning changes from small design changes to fundamental infrastructure shifts, such as our decision in 2014 to fundamentally alter our Masterplan by moving domestic expansion from the North to the South. As in other sectors, no one customer is the same. Airlines do not always agree, particularly on their appetite for new capacity and/or

the quality of infrastructure required and, within airlines, views change over time. Consequently following consultation, we must look across all interests and decide on what is in the long-term interests of consumers. We also conduct focus groups with travellers as large-scale terminal projects move through the key design phases to ensure that the approach is customer-centered and meets the needs of all user groups (where feasible).

Please refer to the following sections which relate to our incentives to invest:

- Section 1 which sets our target and actual returns and asset commissioning; and
- Section 6 which describes how the investment programme is tracking for PSE3.

Providing services of the quality and range required by consumers

As New Zealand's international gateway and largest domestic airport, the day to day quality of the service we provide is critical. If our service is below expectations, this negatively impacts our business and has flow-on effects for all travel, trade and tourism businesses that rely on Auckland Airport. Desired outcomes in service delivery are founded in high quality, broad choice, strong reliability and a commitment to customer service.

Auckland Airport works actively to increase the range of services and capacity on offer to passengers and freight operators to and from New Zealand. We recognise that as our facility grows and quality of service is improved over time, guests may nevertheless experience disruption while our facilities undergo major construction. We seek to anticipate where the major points of stress might be in the system and to proactively mitigate impacts where possible. We are investing in stakeholder communications and technology to provide real-time feedback so that customer issues, including during periods of construction, can be understood and resolved faster. On the ground in the terminal we have a strong guest service ethic and seek to go the extra mile to alleviate the stress that can come with travel and construction sites.

Auckland Airport uses a number of methods to understand and improve the quality of services required by customers and to assess customer satisfaction. For the travelling guests these include:

- review of direct feedback to identify where quality issues may be emerging; and
- market research that assists in understanding customer needs and preferences.

These insights inform process development and terminal planning.

Evidence of our efforts in this area include our:

- membership of the global airport service quality (ASQ) service rating system;
- real time survey data via numerous in-terminal customer satisfaction kiosks;
- guest promise accreditation programme and
- terminal design customer focus groups.

We see our customers every day and seek to understand their needs and concerns intimately. The airport is a system in which one party's actions can affect others. Our philosophy is to foster a strong commitment to collaboration for all stakeholders at the airport and to work constructively together towards a common goal. Auckland Airport is focused on working alongside our partners to continually make improvements to the customer and passenger experience, through improved quality and choice of services. We develop our understanding of stakeholder quality requirements through direct feedback via a range of forums at operational

and management levels including:

- collaborative operating groups at a tactical, management and CEO level; and
- consultation on terminal and airfield development and service priorities.

We also encourage supplier innovation and competition to help grow customer choice and the size of the overall market.

Please refer to the following sections for summaries of the initiatives taken by Auckland Airport in FY19 to improve service quality:

- Section 11 describes the reliability of services delivered to airlines and passengers. We report against a range of metrics that describe on time performance and interruptions to core services (if any). In addition to this, we measure ourselves against the percentage of time the assets are available for use;
- Section 14 sets out our results for ASQ, a customer satisfaction analysis and benchmarking programme. Within this schedule, we also describe the key service level changes within facilities over time; and
- Section 15 summarises operational improvement initiatives, some of which have the effect of improving service levels.

Generating efficiencies and sharing the benefits

Efficiency is at the heart of Auckland Airport's strategy to be fast, efficient and effective.

Efficiencies are generated through Auckland Airport's route development activities. Over time greater passenger volumes enable the operating and capital costs to be spread over a broader base at each price reset. Within a pricing-period consumers benefit from increased competition, improved prices and greater choice. Route development success and unanticipated passenger and aircraft movements growth during PSE2 enabled average aeronautical prices to fall through PSE3.

We actively explore options for increasing productivity of existing capital base through process and technological efficiencies prior to making any significant capital expenditure commitments as is demonstrated by the high utilisation rates of current infrastructure. Our route development initiatives also seek to encourage growth beyond peak and into shoulder periods.

The efficiency of an airport's operating cost base is influenced by its scale and mix of domestic and international passengers, with the latter being relatively more expensive to process. We are unusual in the scale of both our domestic and international operations. Despite this, Auckland Airport benchmarks relatively well in international comparisons of airport operating costs.[2] At times we benefit from economies of scale, at other times complexity creates a diseconomy.

Auckland Airport recognises its role within the complex system of tourism and aviation. Collaboration with partners is a critical part of operating as an efficient airport. Outcomes in efficiency are a result of a combined effort from 730 airport staff and ~20,000 employees of partner organisations. We work constructively to facilitate initiatives which improve the efficiency of the system and to question initiatives where the system efficiency is unclear.

[2] Airlines often criticise Australasian Airports for their high EBITDA margin. However, these comparisons across jurisdictions do not account for material differences in the scope of services operated (e.g provision of groundhandling, security). Auckland's operating model, efficient cost base and relatively high asset intensity per passenger contribute to a relatively high EBITDA margin. However overall aeronautical revenues per passenger are around about middle of the pack.

In some instances, we take a leadership role to facilitate broader opportunities for what is a fragmented system, in others third parties impose decisions upon us. We also put in place initiatives which drive cost for us, where there are clear benefits for the airlines and border agencies. These initiatives can increase the scope of operating costs disclosed in Section 6 beyond that contemplated at the time of pricing and which without context can look like an inefficiency. Often the "averaging" approach used by government agencies to set charges across all of New Zealand's airports means that Auckland Airports' efficiencies are spread across the entire airport system.

Auckland Airport is conscious of its responsibility to share the benefits it creates with its customers, but also with the broader community in which it operates. This is consistent with the expectations of our customers, who not only expect good quality outcomes but the delivery of services in a way that is respectful of communities and the environment. We want to be a good corporate citizen and a good neighbour and help build strong, vibrant local and national communities. These communities include people working on and around our Auckland Airport precinct, schools and tertiary education providers, iwi, community groups. We focus our social responsibility work around three themes: education, employment and environment. Our annual programme of activities includes community grants, scholarships, community events, cultural activities and sponsorships. Increasingly, we are focused on 'shared value' activities such as employment that creates long-term, sustained benefits for all parties.

We have an active environmental program, which seeks to efficiently manage the water and energy we use and the carbon emissions and waste we generate. We take a comprehensive approach to sustainability and consult with our stakeholders, staff and community to develop a sustainability policy and strategy that addresses issues that are important to them. We are transparent about our sustainability targets and performance – each year we disclose performance in our annual corporate social responsibility report.

Please refer to the following sections for examples of how Auckland Airport generated efficiencies, and shared the benefits, including:

- how costs have been managed through the period versus forecast including discretionary initiatives taken throughout the period to maintain or improve service quality on airport, or for the aviation sector, which exemplify how efficiency gains can be shared; – Section 6;
- increased asset utilisation, which means our assets are becoming more productive over time, which will in turn help to limit prices – Sections 12 and 13;
- the quality of service delivered to airlines in terms of reliability, passengers in terms of satisfaction levels and operational improvement processes – Sections 11, 14 and 15; and
- demand growth during the period and new routes which have been developed - Section 16.

Earning a fair and reasonable return on the investments made

Despite the many uncertainties facing the sector, Auckland Airport is getting on with delivering what is one of the largest non-governmental infrastructure programmes the Auckland region will see over the next five years; investment that is crucial for New Zealand.

Like any business, our incentives to invest are affected by the level of expected return and nature of uncertainty at the time of decision-making. Airport investment decisions are long term in nature. Therefore, stability in the economic regulatory environment is particularly important because it increases the confidence of Auckland Airport that investment in long-dated infrastructure will attract a reasonable return over the life of the asset.

Business cases remain challenging for large parts of the aeronautical development programme because of the cost of development and the scale of displacement of activities are material. For example, the significant cost of building new aeronautical infrastructure is making the overall business case including second till activities, more marginal.

These factors, together with the scale of our aeronautical investment programme, mean that at a project level Auckland Airport's incentive to invest is currently finely balanced.

Auckland Airport targets a reasonable aeronautical return when setting prices every five years. With the majority of our future aeronautical infrastructure programme anticipated to be funded from debt, Auckland Airport will increasingly rely on offshore capital markets to provide the required volume to fund its future growth. In order to be successful in offshore capital markets, Auckland Airport must provide returns to both debt and equity investors comparable to other airports in the region, including Australia.

Because of the countervailing influence of the regulatory regime and the Commission's strong views on industry-wide WACC, our PSE3 target return is less than our estimated Auckland Airport WACC.

These disclosures provide information on actual returns compared to target returns. Auckland Airport welcomes the shift in reporting away from returns over a single point in time, towards returns over a period. However, we also consider a five-year disclosure period to be relatively short in the context of the long-life infrastructure assets and the corresponding long-term investment horizons that exist in the airport sector.

During the review of Auckland Airport's pricing decision, no material forecast bias was identified for PSE3. There will inevitably be variances to forecast as the airport sector is highly dynamic. At both a strategic and operational level, we are responsible for understanding and responding to aviation, tourism and trade trends, innovation and efficiency opportunities.

In terms of day to day decision making we consider it is important for regulated entities to have incentives to manage risks that impact on revenue and/or costs, where they are best placed to manage such risks. We also seek to finance our investment programme efficiently, drive volume, control costs, and deliver on our pricing commitments.

For the types of reasons explained above, Auckland Airport encourages interested persons to consider the full context we provide when assessing our annual or period to date returns. This is important to achieving a full understanding of whether, over time, we are targeting and achieving returns that are consistent with promoting the long-term interests of consumers.

Glossary:

A-CDM	Airport Collaborative Decision Making
Act	Commerce Act 1986
AES	Airport Emergency Services
AOS	Airport Operation System
APOC	Integrated Airport Operations Centre
ASQ	Airport Service Quality, a global service quality certification body
ASX	Australian Stock Exchange
AT	Auckland Transport
ATOC	Auckland Traffic Operations Centre
Auckland Airport	Auckland International Airport Limited
Avsec	Aviation Security Service
BARNZ	Board of Airline Representatives of New Zealand
BNZ	Biosecurity New Zealand
CAA	Civil Aviation Authority
CCTV	Closed circuit television
COG	Collaborative Operations Group
Commission	The Commerce Commission
CPI	Consumer price index
DJF	Domestic Jet Facility
DTB	Domestic Terminal Building
e-gates	Electronic gates
FCR	Flexible contingent runway
FOD	Foreign object debris
FEGP	Fixed electrical ground power
FTE	Full Time Equivalent
GAAP	Generally accepted accounting practice
GBMD	George Bolt Memorial Drive
HVAC	Heating, ventilation and air conditioning
ID	Information Disclosure
ID Determination	Information Disclosure Determination
IM	Input methodologies
IRR	Internal rate of return
ITB	International Terminal Building
MARS	Multi aircraft ramp system
MCTOW	Maximum certified take-off weight
MPI	Ministry of Primary Industries
MVAU	Market value alternative use
NZ IAS	New Zealand international Accounting Standards
NZ IFRS	New Zealand International Financial Reporting Standards
NZTA	New Zealand Transport Authority
NZX	New Zealand Stock Exchange
OTD	On-time departure
PAX	Passenger
PFAS Foam	Firefighting foam containing perfluoro octane sulfonic acid
PSE2	Price setting event 2 – FY12-FY17
PSE3	Price setting event 3 – FY18-FY22
R&M	Repairs and maintenance
RAB	Regulatory asset base
SMS	Safety management system
TDP	Terminal Development Plan
WACC	Weighted Average Cost of Capital

Section 1: Report on Profitability

1.1 Background

Introduction

The purpose of this schedule is to show the returns that Auckland Airport is achieving on its regulated asset base following application of the input methodologies published by the Commission.

The returns are for all regulated activities at Auckland Airport which include:

- Common airfield and terminal activities used by all airlines and passengers, for which unit charges are levied to airlines and reset at least every five years in consultation with BARNZ and the major airlines; and
- Other aeronautical facilities, subject to lease, license or other charges applying to a subset of users.

Auckland Airport's 2019 disclosure reflects amended disclosure requirements published by the Commission on 30 June 2019. The new requirements include comparison of actual outcomes to those forecast in the price setting consultations with airlines, and which are explained in the separate PSE3 price setting disclosure (available on our website).

Auckland Airport has chosen not to revalue the aeronautical assets that are subject to five-yearly price setting consultations with the airlines as is explained further below.

Revaluations

The approach an airport takes to value its assets and account for revaluations can materially impact its reported returns. In 2006 (PSE1) 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 this decision was supported by the airlines.

Since FY18, the Commission's new annual disclosure statements have allowed us to eliminate the previous mismatch between "pricing" and "regulatory" asset values by using the carry-forward mechanism to remove 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 disclosure.

Commerce Commission review of Auckland Airport's target return for PSE3

Following Auckland Airport's consideration of the Commerce Commission's findings on our PSE3 pricing, on 22 February 2019, Auckland Airport announced a reduction in its target return from 6.99% to 6.62%, a $33 million reduction over the five-year pricing period in net present value terms. The reductions are being implemented by way of discounts on landing and passenger charges from 1 July 2019 and apply for the remainder of the PSE3 pricing period ending in June 2022. We have restated our PSE3 forecast returns to account for the price reduction which took effect from 1 July 2019. For further information refer to Schedules 18 and 19.

1.2 Commentary on the internal rate of return

Schedule 1 reports on Auckland Airport's internal rate of return (IRR) on its regulated activities for the PSE3 period to date compared to that forecast at the time of setting aeronautical charges. In addition, Schedule 1 also contains the one-year IRR for the twelve months ended 30 June 2019, similarly compared to forecast.

We set aeronautical prices to target a specific rate of return on the aeronautical pricing asset base over the entire five-year period. Owing to the averaging approach necessary to avoid sudden and large aeronautical price movements within any five-year price setting period, above-target returns were forecast for the start of PSE3 followed by below-target returns at the end of the period.

Auckland Airport has targeted an average post tax return of 6.62% for the entire PSE3 on our 'priced aeronautical activities' (for which landing, passenger, check- in and aircraft parking charges are levied on the airlines) and 6.72% overall. Consistent with comments raised in previous years, Auckland Airport does not believe that one or two year assessments of returns are informative for interested parties. Auckland Airport considers it more appropriate to consider its returns over the five-year period of PSE3. The two-year IRR calculation presented below is inherently very sensitive to short term variances in capital expenditure, revenues and operating costs versus assumptions.

Figure 2 - PSE3 Overall	IRR
Period to date	9.74%
Forecast period to date	8.78%

Auckland Airport's total regulated activities IRR under the Commission's ID methodology for the two-year period to date of PSE3 was 9.74%. This compares to the 8.78% forecast for the same period as part of Auckland Airport's Price Setting Disclosure. In relation to Auckland Airport's terminal services and airfield activities (priced activities), which are almost entirely funded by the passenger charges, aircraft parking charges and landing charges that are paid by the airlines serving Auckland, our two-year period to date IRR of 8.86% was slightly below our original aeronautical pricing forecast of 9.06% for the first two years of PSE3. This was mainly due to lower than forecast passenger and aircraft movements over the period to date.

Clause 2.3(8) of the ID Determination requires Auckland Airport to explain any variances from forecast that have a material impact on the period to date IRR. The following table shows the key drivers of this higher than forecast total regulated activities IRR over the first two years of PSE3:

	IRR input $m	Variance $m	Variance %	Impact on IRR
Opening RAB	1,187.3	(57.3)	(4.6)%	0.61%
Assets commissioned	424.6	(201.7)	(32.2)%	0.37%
Regulatory income	695.3	10.4	1.5%	0.42%
Operating expenditure	242.4	6.2	2.6%	(0.25)%
Unlevered tax	92.1	4.7	5.4%	(0.18)%
Closing RAB	1,502.5	(241.3)	(13.8)%	n/a

It is evident from the above table that the higher than forecast total regulated activities IRR over PSE3 to date has largely been due to the lower than expected aeronautical asset base, with assets commissioned being lower than forecast. This reduction arose from the delay of several key projects as a result of Auckland Airport undertaking further consultation and design with our airline customers on key elements of the aeronautical infrastructure program.

Several aeronautical projects that were originally forecast as part of Auckland Airport's Price Setting Disclosure to be commissioned during this period have been affected by project interdependencies and extended consultation during design phases.

Key variances include:

- enabling and apron works associated with the new Domestic Jet Facility ($106.4m) was not commissioned in the period as these elements were deferred until concept design is finalised;
- construction of the new regional stands ($16.9m) was dependent on the relocation of the Engineering Services Depot. The relocation of the Engineering Services Depot occurred in FY19, one year later than planned;
- enabling works ($12.1m) associated with the International Terminal Arrivals project. This work is now expected to be commissioned in FY20;
- SH20b HOV lanes ($9.3m) is still in the design phase, with commissioning dependent on further NZTA decisions;
- the new AES fire simulator and hot fire training ground ($8.8m) was not commissioned in FY19 as a review is underway on the future requirements of the airport and the project has been deferred until an outcome is reached; and
- several projects totaling $27.2m, including the extension of the ring main and hydrant to the new western remote hardstand ($6.8m), phase 1 of the Terminal exit Road and additional bus lanes, are still in design phase and likely to commission in either FY20 or FY21.

Refer to Section 4 for further detailed commentary on changes in the closing RAB and Schedule 6 for discussion of period to date operating expenditure and capital expenditure variances versus the original PSE3 pricing forecasts.

Section 2: Regulatory Profit

2.1 Comment on regulatory profit

Introduction

The purpose of this schedule is to report on the regulatory profit for Auckland Airport for the year to 30 June 2019 following application of the input methodologies published by the Commission and to explain any variances that have a material impact on the period to date IRR.

The Regulatory Profit in FY19 of $128.0m was only marginally ($2.2m or 1.8%) higher than that forecast for the year. As a result, Auckland Airport does not consider the variance in regulatory profit to have a material impact on the period to date IRR. However, Auckland Airport adopts a transparent approach of providing more detailed commentary where it considers it will help interested parties. As such, additional voluntary disclosure on the non-material variances in inputs to regulatory profit is set out below.

Commentary

Regulatory Profit in FY19 was above forecast. Although partially offset by higher operating costs, Auckland Airport has experienced higher than anticipated revenue, which combined with lower depreciation costs, have driven regulatory profit to be $2.2m or 1.8% higher than that forecast for the year. In more detail, explanation for the variances are as follows:

- net operating revenues were $356.9m or 1.8% up on forecast, reflecting stronger than anticipated lease, rental and concession income, mainly from the component of regulated activities where prices are set according to standard commercial leasing practices, as opposed to the five-yearly aeronautical pricing process for landing, aircraft parking and passenger charges - which were below forecast in total. Lease, rental and concession income in FY19 of $35.6m was $9.2m above forecast, reflecting the combined effects of higher volume in Auckland Airport's Strata Lounge than anticipated at the time of pricing and the effect of new property leases and rental reviews in the period to date;

- aeronautical income from airfield and passenger service charges was $3.5m below forecast as changes in the aeronautical market have driven lower international volumes than anticipated at the time of setting prices for PSE3. Globally, passenger demand for travel has slowed, including in some of our key visitor source markets - Australia, China and Japan. We are also seeing airlines adjust their business strategies to focus on yield over capacity. These changes have resulted in lower priced domestic and transit and transfer passenger numbers being above the PSE3 aeronautical price setting forecast, but international passenger numbers below forecast. Check-in revenue was $1.1m or 24.9% higher than forecast as a result of slower adoption of airlines moving onto lower cost kiosk services due to a combination of some airlines not being ready or preferring to wait until our automated bag drop service is also available;

- operating expenses were $3.2m higher than forecast, reflecting higher asset management and airport operations and asset maintenance costs, partly offset by lower corporate overheads. Asset management and airport operations costs were higher than forecast due to unforeseen operational expenditure relating to the disposal of PFAS Foam, remedial works to the international terminal building following the December fire evacuation and added security costs following the tragic incident in Christchurch during the year. Corporate overheads were down on forecast reflecting lower marketing costs as a result of agreed

capacity triggers not being met; and

- regulatory tax allowance of $45.7m was $2.9m (6.8%) higher than forecast at the time of pricing reflecting the higher regulatory profit before tax and the effective tax rate increasing to 26.3%.

Refer Section 4 and 6 for further information.

2.2 Justification for merger and acquisition expenses

There were no merger and acquisition expenses in FY19 for the regulated airport business.

Section 3: Regulatory Tax Allowance

3.1 Disclosure of permanent differences and temporary adjustments

Other permanent difference – not deductible:

This is the allocated regulatory share of incurred entertainment expenses ($0.2m) as well as equity settled costs relating to the Long-Term Incentive Plan ($0.1m). These expenses cannot be deducted from profit for tax purposes.

Other temporary adjustments – current period:

These relate to accruals and provisions made at year-end for estimated expenses that are not deductible for tax purposes including:

- employee related provisions ($4.1m) for employee leave, ACC, FBT and staff incentives
- other accruals and provisions ($3.4m) including doubtful debts and non-specific accruals

These provisions will reverse during the year and be replaced with actual incurred non-deductible expenditure (hence the term “temporary adjustments”). These also include fixed asset timing differences (which offset the provisions above) of $1.1m, related to the disposal of fixed assets and consultative costs for acoustic treatment.

Other temporary adjustments – prior period:

Prior period adjustments consist of accruals and provisions identical in nature to those of the current period - being employee related provisions ($3.1m) and other accruals and provisions ($5.3m).

3.2 Regulatory tax asset value of additions

During FY19 $128.7m of regulatory assets were added to the tax register. This is lower than the $139.9m of assets added to the RAB. The difference is due to holding costs equal to the target return being capitalised in the RAB, but not for tax purposes.

3.3 Regulatory tax asset value of assets transferred from/to the unregulated asset base

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 below.

Section 4: Regulatory Asset Base Roll Forward

4.1 RAB value—previous disclosure year

Restated asset values

The following table provides an overview of Auckland Airport's approach to asset values and revaluations in the RAB.

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). No further revaluations included.	-	-

4.2 Lost and found assets and adjustments resulting from cost allocation

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 sometimes results in aeronautical-dominated capital expenditure projects being later split into both aeronautical assets plus a small proportion of non-aeronautical assets. Equally, previously non-aeronautical-dominated projects can be split into non-aeronautical plus a small proportion of aeronautical assets. These splits can result in assets being transferred into or out of the unallocated RAB as well as impacting the value of the allocated RAB.

The logical place to record these 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 $20.3 million unallocated RAB movement due to asset splits and transfers in row 39, under the "Lost and found assets adjustment".

On an allocated RAB basis, the cost allocation adjustment increases RAB by $9.0 m.

4.3 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 and PSE3, the only disclosed revaluations for FY19 are indexed revaluations for assets directly allocated to Aircraft & Freight activities. CPI revaluations have been retained for Aircraft and Freight assets, which is more consistent with Auckland Airport's market-based approach to determining the revenue associated with these assets – covered by leases negotiated with individual customers. There are no revaluations for Airfield or Terminal assets in FY19, consistent with Auckland Airport's decision to continue its moratorium on asset revaluations for pricing purposes over PSE3. For further explanation of the moratorium refer to Section 1.

4.4 Assets held for future use

Restatement of assets held for future use – previous disclosure year

Refer to prior year disclosure for detail.

Transfer of land from assets held for future use

In FY19, there were transfers of 0.92 hectares from land held for future aeronautical use into the non-regulated asset base, as disclosed in Schedule 5. The value of the respective land parcels, as well as the cumulative holding costs and tracking revaluations associated with the land parcels (if any), have been deducted at the current disclosure carrying value ($0.8m) via the assets held for future use – disposals line.

In addition, land held for future use (valued at $4.7m) was transferred to 'works under construction' during FY19. As disclosed in FY18, the land was previously vacated by Ministry of Primary Industries and was redeveloped for use by Auckland Airport's engineering services during FY19.

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. Auckland Airport's Board of Directors corporate governance practices, including procedures used to avoid conflicts of interest with related parties, fully reflect and satisfy the 'NZX Corporate Governance Code 2019' and the Financial Markets Authority handbook 'Corporate Governance in New Zealand – Principles and Guidelines'.

No guarantees have been given or received.

5.2 Auckland Council and its subsidiaries

Auckland Council's shareholding of Auckland International Airport exceeds 20 percent and, as such, accounting standard NZ IAS 24 requires transactions with Auckland Council and its subsidiaries to be treated as related party transactions. Costs incurred with Auckland Council and its subsidiaries in relation to the Airport Business during FY19 were:

- Rates of $2.6m (2018: $2.6m);
- Compliance, consent costs and other local government regulatory obligations of $0.3m (2018: $0.2m);
- City Park Services – grounds maintenance costs of $1.5m (2018: $1.5m); and
- Watercare – water, waste water and compliance services costs of $1.1m (2018: $1.3m).

5.3 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 FY19 maintenance and occupancy costs of $0.04m (2018: $0.03m) were incurred in relation to the Marae by the Airport Business.

5.4 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 as new property arrangements are developed. Details of the transfer are shown in Schedule 5. The transfers were not material in FY19.

5.5 Fulton Hogan and Watercare

One of Auckland Airport's directors is also a director at Fulton Hogan. Auckland Airport incurred costs relating to engineering services / works provided by Fulton Hogan totaling $8.3m in relation to the Airport Business for FY19. One of Auckland Airport's directors is also a director of Watercare. Auckland Airport's FY19 spend with Watercare is summarised above.

5.6 Associate entities

Auckland Airport's related parties include associate entities being Tainui Auckland Airport Hotel Limited Partnerships and Queenstown Airport Corporation. There were no transactions between the associates and the airport during the year.

Section 6: Actual to Forecast Expenditure

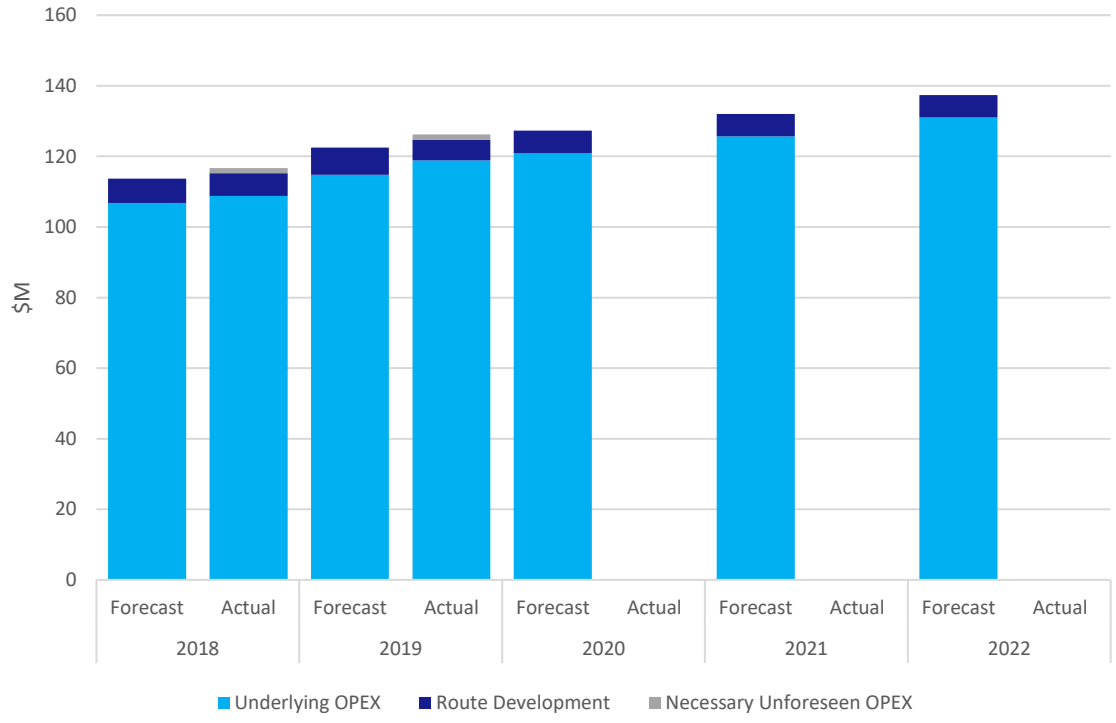
This note is in two parts. The first is a summary of operating expenditure and the second capital expenditure. Auckland Airport is required to provide an explanation on variances that have a material impact on the period to date IRR under clause 2.3(8) of the Information Disclosures. We provide comment on items and variances deemed to be of material value to interested parties.

6.1 Operating expenditure variance analysis

In FY19 total regulated costs were $125.7m or $3.2m (2.6%) above the pricing forecast of $122.5m. For the pricing period to date, these costs were $242.4m, $6.2m (2.6%) above the pricing forecast of $236.2m.

The following chart provides a timeseries view of forecast and actual operating costs.

Figure 3: Operational expenditure – Actual vs. Price Setting Disclosure



The main contributors to the $6.2m higher operating expenditure than forecast for the period to date include:

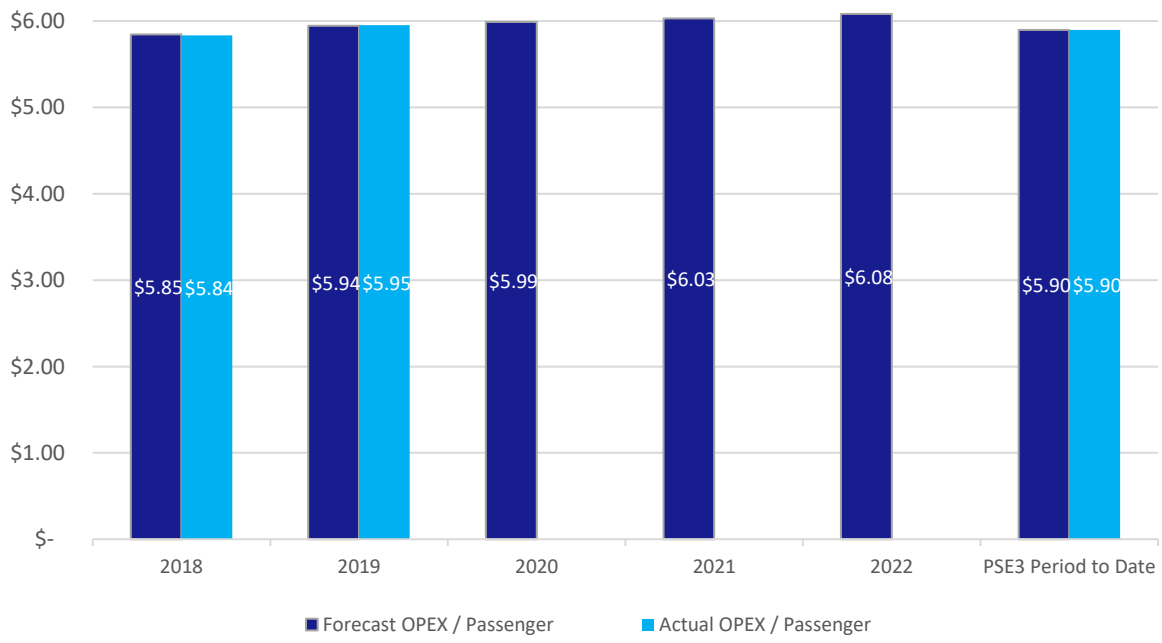
- Outsourced Operations costs ($4.9m) from:
    - increased security costs to heighten security measures following the March Christchurch incident;
    - higher Strata Lounge costs due to higher than forecast demand for the service;
    - additional inter-terminal bussing options to improve passenger experience for passengers with limited mobility and families with children; and
    - Auckland Airport's baggage handling system moving to 24/7 support;

- Additional personnel costs to support the delivery of new infrastructure projects and capital plan over the coming years that were not capitalised ($2.4m);
- Repairs and Maintenance costs from remedial works and surveying of the international terminal building following the December fire evacuation and disposal of PFAS foam ($1.9m);
- Consultancy, Audit and Legal costs from the fuel feasibility study, airside bussing, stand planning and light rail master planning and transition to outsource our Business Technology team ($1.8m).

Auckland Airport has been able to partially offset the above costs through lower than forecast costs in Marketing, Promotions & PR, Utilities and Other Expenses (-$4.8m).

Although period to date total regulated costs were higher than forecast, these are not materially different to forecast on a per passenger basis.

Figure 4: Operational expenditure per pax – Actual vs. Price Setting Disclosure



6.2 Capital expenditure overview

In this section we set out the investment progress relative to the forecast set in 2017 which at the time the airlines generally agreed to be appropriate.

To provide some context, we are in the midst of building a vibrant economic hub which will create enduring value for New Zealand for generations to come. This involves a constant cycle of planning, building and project delivery. At a macro level, our 30-year vision can be identified by three key phases (with some crossover):

- Design, Plan and Prepare (2014-2019): detailed design, logistical planning, and relocation of certain tenants and infrastructure to clear space for the new build);

- Build (2020-2022): the most significant phase of construction including terminal and roading infrastructure; and
- Deliver a world class airport experience (2023+): completion of integrated domestic jet facility, a second runway, additional stands, taxiways, roading and other terminals and utilities infrastructure to provide a customer experience for New Zealanders to enjoy and be proud of.

In 2019 we undertook a deep dive into the timing, sequencing and design elements of the aeronautical capital plan. The purpose was to update the base case for the latest information (e.g NZTA updates, demand forecasts) and reconfirm priorities. A particular focus was to test the scale of the Domestic Jet Facility (DJF) relative to other priorities across the system, in the context of affordability concerns of our customers. Through a series of agile workshops, many involving customers, we developed a revised base case forecast. Many of the airlines stakeholders were not involved in the development of the 2017 base case and now have a heightened understanding of the interdependencies within the programme of works. Both the original and revised plan gained broad airline support due to their close involvement in determining trade-offs across time, cost and quality priorities.

At a high-level, the review is comparable to the forecast set out in Schedule 18. However, the process did identify that:

- delivering the full length second runway by commissioning a single project is a more economic and achievable approach compared to a staged delivery programme;
- there was an ambition by airlines to pull all levers available to ensure the runway was commissioned at the most efficient time. Auckland Airport is supportive of the proposal to explore a range of commissioning dates beyond 2028, and is exploring the risks and mitigations associated with a later commissioning date;
- a refinement of the two stage process for the DJF was required to better balance scope, time and cost priorities of the airlines. We note that domestic charges are only expected to step up during PSE4 once the new DJF is commissioned;
- a just in time philosophy for stands was appropriate which could result in acceleration of some stand types and deceleration of others depending on conditions;
- increasing the scale of expanded international arrivals facility during concept design would also lead to a commissioning delay; and
- addressing road access remains a high priority for parties.

Overall the Design, Plan and Prepare stage has, with the input of customers, identified materially more complexities than contemplated at the time of pricing. We are conscious that worldwide major airport expansion programmes and other “megaprojects” have experienced time and cost delays. We continue to review our project, programme and portfolio governance to transform our aeronautical infrastructure delivery capability and proactively manage portfolio risks.

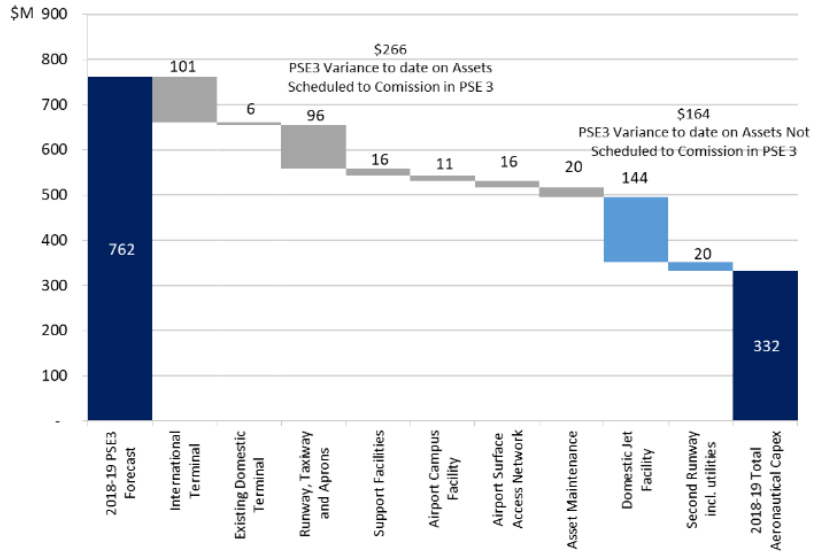
Capital expenditure – variance analysis

The FY19 regulated capital investment is below the published PSE3 capital plan. Aeronautical capital expenditure in FY19 was 74% ($340m) below the pricing forecast in Schedule 18, and total commissioned RAB for which aeronautical charges were levied was approximately $277 million below forecast as at 30 June 2019. However, because of the surge of capital expenditure and asset commissioning now forecast to occur over FY20-FY22, we are still expecting PSE3 commissioned aeronautical assets to be broadly equal to the original PSE3 pricing forecast.

The variance in capital expenditure for FY19 compared to pricing forecasts is primarily due to prolonged consultation and design on Arrivals, the DJF, eastern airfield and terminal roads. Although not all these projects are due for commissioning in PSE3 (eg the DJF), all are interrelated and, given their size and complexity, pose a significant risk to both the day-to-day operation of the airport and development pathway if the planning and design phase is rushed and construction is commenced without broad stakeholder support. We are working hard to deliver the expected infrastructure outcomes as soon as possible, while conscious that we are behind the timeframes forecast at the commencement of PSE3. We expect a significant step up in FY20 following the commencement of construction for Taxiway Mike and Lima and remote stands, and the Northern Network roading programme early in the financial year. Construction of the arrivals expansion is also forecast to commence in early calendar year 2020.

The PSE3 period to date capital expenditure variance to forecast by programme is shown in the graph below. The left side of the graph shows the variance analysis for those capital expenditure projects that were forecast to be commissioned within PSE3. The right-hand side shows the variance analysis for the capital expenditure projects that were forecast to be commissioned in PSE4 or later. This distinction is important because the aeronautical charges for PSE3 were based only on assets forecast to be commissioned and available for use in that period (however as described above, the planning for PSE4 projects impacts on PSE3 projects).

Figure 5: PSE3 to date Variance by capital investment programme



The table below provides explanations of material programme variances ($20m+) in Schedule 18. The projects which were not forecast to commission in PSE3 (and hence not priced) are marked with an asterisk after the title in the following capex variance analysis section.

International Terminal	
Key Capital Project	**Commentary**
International Terminal (Check-in, Outbound Baggage & Landside Dwell)	
PSE3 actual to date: $10,634k *FY19 variance:* $4,063k *PSE3 variance:* $(2,411)k	**Project description and objectives** The objectives of this programme are to create additional capacity through check-in (back of house bag screening, kiosks, automated bag drops) and the reconfiguration of the existing International Terminal Building. Towards the end of PSE3, Auckland Airport is expanding the check-in area into the current MPI arrivals area. The timing of which is dependent on the delivery of the Arrivals programme of works. **Progress in PSE3** Front of house – deployment of 60 additional check-in kiosks at the international terminal – design phase for implementation of automated bag drops - proof of concept to determine if through using a passenger biometric token (i.e. facial recognition) customers could be seamlessly processed right from check-in through to an aircraft's boarding gate. Back of house - upgrade of 2 existing baggage system laterals with 2 higher capacity carrousel units. This project was completed ahead of time and under budget. - investment in technology to detect and prevent unauthorised access to the baggage system from the check-in area following an incident in 2018 which resulted in an injury to a minor. A project to implement back of house regional hold baggage screening was planned to occur in FY18 following guidance by the CAA. The CAA is yet to impose this requirement for aircraft <90 seats and therefore implementation is on hold.
International Terminal (Arrivals)	
PSE3 actual to date: $960k *FY19 variance:* $(40,150)k *PSE3 variance:* $(59,451)k	**Project description and objectives** The objective of this programme is to provide a consistent journey time through the end-to-end international arrivals process. The largest project is the expansion of the MPI arrivals area. **Progress in PSE3** In FY19 significant progress was made on the design, scheduling and contracting for the delivery of the arrivals project. As signalled in the FY18 disclosure, the cost of design activity to date is not yet reflected in this programme but rather reported in the Domestic Jet Facility (DJF) programme. A contract for the physical delivery of the arrivals expansion project is expected to be finalised mid FY20. Negotiation with potential partners is well underway and construction activity is now scheduled to commence in the fourth quarter of FY20. The expected delivery date of this project has shifted from FY21 to FY23.
International Terminal (Airside Emigration & Dwell)	
PSE3 actual to date: $111,138k *FY19 variance:* $4,559k *PSE3 variance:* $39,288k	**Project description and objectives** The objective of this programme is to deliver airside capacity within the International Terminal building. This programme is dominated by two major projects in PSE3, the Level 1 expansion at the International Terminal building that completed in FY19, and Airside enabling for the "Wedge" a non-priced PSE3 project which was forecast to commence in FY22 but has now been deferred to PSE5. **Progress in PSE3** In FY19, the Phase 3 Level 1 expansion was completed. This project commenced in September 2015 and involved the refurbishment of a significant portion of the existing terminal and a 36,000m2 floor space extension. This was a difficult and complex project in the operational heart of a live terminal and included substantial structural work to upgrade the international departures experience to cater for future growth. It has also resolved legacy issues within the original building such as misaligned floor levels, building services and asbestos remediation. The result of this project is a significant improvement in the passenger experience. While we acknowledge that the project was late and over budget, many lessons have been learned, in particular that more time in the design and planning phases can pay-off later in the project delivery, and that these phases should not be rushed. These lessons are shaping our revised approach to the remainder of the terminals development programme.

International Terminal (Pier and Connections)	
PSE3 actual to date: $56,653k *FY19 variance:* $(52,853)k *PSE3 variance:* $(76,608)k	**Project description and objectives** The objective of this programme is to provide additional stand and bus lounge capacity as well as improving the transit experience for transferring international services. **Progress in PSE3** To date in PSE3 this programme has delivered the Pier B expansion which involved the expansion of Pier B and delivered two new gated Code F MARS stands (17 & 18). This project was completed ahead of time and below budget. In FY19, activity was planned on a reconfiguration of Pier A to improve passenger experience at the ITB and a further expansion to Pier B to convert the remote Stand 19 into a Code F contact MARS stand. However, both projects are yet to proceed, due to the actual reconfiguration requirements for Pier A being subject to finalising the design and staging of the DJF and Auckland Airport in consultation with its airline stakeholders deciding to not proceed with the Gate 19 expansion in PSE3. With the agreement of the major airlines, the funding allocated to the Gate 19 expansion is being repurposed to higher priority aeronautical projects.
Ground Transport Centre / Plaza - Aeronautical elements*	
PSE3 actual to date: $ - *FY19 variance:* $(535)k *PSE3 variance:* $(1,673)k	**Project description and objectives** The objective of this programme is to deliver passenger dwelling and protected landside transition routes in the area in front of the International Terminal Building as passengers leave the terminal building or are displaced from the terminal due to a disruption. **Progress in PSE3** Design phases for this programme planned in FY18-19 have been delivered as part of the DJF concept design as the same team is responsible for the DJF, arrivals expansion and landside programmes. Detailed design and construction costs will be recorded against the relevant ground transport centre / plaza programme once construction commences. An interim plaza in front of the international terminal is forecast to be delivered in FY20, the purpose of which is to provide passengers a dedicated safe route to their transport as existing routes will be compromised due to the DJF, arrivals expansion and hotel and multi-story car-parking building construction.
Domestic Jet Facility (Integrated Facility (Phase 5))*	
PSE3 actual to date: $27,775k *FY19 variance:* $(124,115)k *PSE3 variance:* $(143,787)k	**Project Description and Objectives** The objective of this programme is to provide a staged pathway towards an integrated terminal facility capable of processing international and domestic passengers. The first deliverable on this pathway is to construct a new domestic facility adjacent to the current international terminal which will have common landside functions (e.g. check-in capacity). **Progress in PSE3** This programme of works is significantly behind the original PSE3 forecasts as the design is yet to be finalised and therefore construction of the DJF is unable to commence. The DJF programme is proving to be significantly more challenging than anticipated primarily due to the size, length and importance to Auckland Airport, domestic airlines and the public. This project is very complex as it interfaces with all parts of the infrastructure required to deliver the aeronautical functions of the airport. Management has elected, with airline support, to increase the design time to ensure that the solution appropriately balances functionality, affordability, constructability and seeks to minimise the disruption to airlines and the travelling public through the transition period. In FY19 Auckland Airport has continued to focus on progressing the concept design of the new DJF including consultation with stakeholders and has commenced preliminary negations with potential construction partners. The design phase is expected to be completed in FY20 with construction commencing early FY21.

Runway, Taxiway and Aprons	
Runway, Taxiway and Aprons (Code F taxiway, stands and aprons)*	
PSE3 actual to date: $11,482k *FY19 variance:* $(602)k *PSE3 variance:* $(5,993)k	**Project Description and Objectives** The objective of this programme is to meet airfield capacity requirements through the construction of new stands, modifications to and extension of taxiway and taxilane infrastructure and the construction of new aprons capable of handling Code F aircraft. **Progress in PSE3** In FY19 detailed design work and contract negotiation for the construction of an extension to Taxiways Lima and Mike to Pier B and the development of aprons, stands and taxilanes to the north of Pier B was completed and the physical delivery of this project commenced in early FY20. This project was initially scheduled to commence in FY21, however it was accelerated following consultation with airline stakeholders to meet demand and to create "headroom" in stand numbers to offset those that will be lost during the DJF construction period.
Runway, Taxiway and Aprons (Code B/C/E taxiway, stands and aprons (Phase 5)	
PSE3 actual to date: $ 33k *FY19 variance:* $(64,067)k *PSE3 variance:* $(69,549)k	**Project Description and Objectives** The objective of this programme is to meet airfield capacity requirements through the construction of new stands, an extension and modifications to taxiway and taxilane infrastructure and the construction of new aprons capable of handling Code B/C/E aircraft. The largest single project in PSE3 of this programme will be the construction of 12 fully serviced Code C jet stands, 2 remote stands and associated apron infrastructure. **Progress in PSE3** Concept design work for the new Code C and E stands east of Pier A commenced in FY18 and continued in FY19. The cost of this activity to date is included in the DJF programme. Construction of the common use airfield components was scheduled for FY19. However, due to the design of the DJF not being finalised, construction work has not been able to be contracted and commenced. While detailed design work and construction planning will be carried out in FY20, construction activity is now forecast to commence in FY21. In FY19 the conversion of the former Engineering Services depot into regional aircraft stands was planned to be delivered. However, due to the relocation of the depot not being completed until the second half of FY19, the planned development of the regional stands was not able to occur. The design of these new stands is forecast to be completed in FY20 and delivered in FY21 subject to demand following the JQ regional exit.
Runway, Taxiway and Aprons (Airfield utilities)	
PSE3 actual to date: $5,301k *FY19 variance:* $(14,842)k *PSE3 variance:* $(22,030)k	**Project description and objectives** The objective of this programme is to deliver efficient utilities for airfield operations including re-fueling / energising aircraft and ground handler equipment. **Progress in PSE3** In FY19, the main projects were the continued development of the fuel hydrant system to ensure compliance with Health & Safety in Employment (Pipelines) Regulations 1999. As signaled in the FY18 disclosure reporting, resourcing challenges have delayed this programme of works and while delivery activity increased in FY19 the programme remains behind the original schedule. While the overall scope of this programme remains primarily unchanged it is now forecast to be largely delivered across FY20-21. FY19 activity also included commencing the delivery of a multi-year project to implement electric vehicle charging units on the aprons for use by ground-handlers. This project is being delivered in a staged manner and remains on track for the delivery of the infrastructure to be completed by the end of FY20 as indicated in the FY18 disclosure report.

Runway, Taxiway and Aprons (Flexible contingent runway)	
PSE3 actual to date: $1,209k *FY19 variance:* $1,002k *PSE3 variance:* $1,209k	**Project description and objectives** The flexible contingent runway (FCR) programme aimed to provide the required infrastructure and operational systems to provide an immediate second runway option if the main runway is compromised. This project was signalled as part of PSE3 pricing disclosure but was not reflected in aeronautical charges due to a high level of uncertainty regarding total cost and timing. **Progress in PSE3** In FY19 work on the concept design for the FCR continued. Ongoing consultation between Auckland Airport and airline stakeholders continues and at this stage the decision to physically develop the FCR is yet to be made.
Asset Maintenance	
Asset Maintenance (Slab replacement and runway works)	
PSE3 actual to date: $12,148k *FY19 variance:* ($8,873)k *PSE3 variance:* $(5,554)k	**Project description and objectives** Airfield slab replacement is an annual activity undertaken by Auckland Airport to ensure the continuous service provision of the runway and to maintain safety standards. The project replaces aging, deteriorating and damaged slabs based on annual condition assessments. **Progress in PSE3** Activity in FY19 was limited to the acquisition of an epoxy injection trailer being a specialist piece of equipment used for repairing cracks in runway slabs and apron pavement. No physical slab replacement was carried out in FY19, however more activity was carried out in FY18 than initially planned and as signaled in the FY18 disclosure.
Asset Maintenance (Airbridge refurbishment)	
PSE3 actual to date: $1,425k *FY19 variance:* $(272)k *PSE3 variance:* $(1,673)k	**Project description and objectives** The objective of this programme is to carryout comprehensive refurbishment or full replacement of airbridges or ancillary equipment to maintain agreed service levels. **Progress in PSE3** Activity in FY19 involved the procurement of additional mobile AviRamps to provide a graded embarkation / disembarkation experience to passengers bussed to remote stands and minor investment in equipment related to airbridges and the supply power to aircraft. While spend is currently below plan, it is forecast to balance out over the remainder of PSE3.
Asset Maintenance (Business as usual)	
PSE3 actual to date: $23,466k *FY19 variance:* $4,970k *PSE3 variance:* $(1,953)k	**Project description and objectives** The objective of this programme of work is to ensure that property, plant and equipment is maintained across the remainder of the aeronautical campus to meet safety and service requirements. **Progress in PSE3** In FY19 the main project in this programme was the development of new Engineering Services depot in a new location to allow for the future development of its former site into regional aircraft stands. This project was initially planned for FY18 but was delivered in FY19. Other projects in FY19 included the continued upgrade of the CCTV network from an analogue to a digital system to improve security, commencing a significant upgrade of the airport's radio network for compliance reasons and renewal works on lifts and escalators, airfield lighting, HVAC, HV power systems, baggage handling systems, maintenance vehicles and airside and landside roading rehabilitation.

Second Runway including utilities*	
PSE3 actual to date: $9,814k	**Project description and objectives** The aim of this programme is to deliver a step change in capacity and resilience through the development of a second runway parallel to and north of the existing one. The specific objectives in PSE3 are to complete detailed design and, if the base case timing is confirmed following consultation, commence earthworks for the second runway.
FY19 variance: $(11,825)k	
PSE3 variance: $(19,833)k	**Progress in PSE3** In August 2017 we lodged our Notice of Requirement for the second runway with Auckland Council. We received 41 submissions on the application and 5 appeals on our decision. These have all since been resolved through the Environment Court Process. This is a significant achievement in the planning process for the northern runway. Community engagement and management of environmental outcomes associated with the second runway will continue to be an important component of the northern runway planning process. Feasibility design was complete in FY19. While a two-stage runway development was the ingoing assumption indicated in the PSE3 pricing document, the feasibility recommendation is that a single stage delivery of a full-length runway is more viable and cost effective. This recommendation has stakeholder support. Other priorities for FY19 have been understanding the cost of delay, identifying levers available to maximise efficiency of the existing runway, and commencing concept design. These have all been consulted with an airline working group.

Section 7: Segmented Information

Schedule 7 provides a segmental breakdown for the airport business of both the regulatory profit reported in Schedule 2 and the regulated asset base value reported in Schedule 1.

As mentioned in Section 4 above, CPI revaluations are only applied to aircraft and freight assets. No revaluations are applied to airfield and terminal assets (i.e. consistent with the moratorium on asset revaluations for aeronautical pricing).

As has been the case since well before the current economic regulation was put in place by the Commerce Commission in the early 2000s, Aircraft and Freight revenues have been determined by industry-standard commercial leasing arrangements directly negotiated with the tenants of our terminal buildings and other land and buildings that are situated close to the runway. With the ongoing agreement of our tenants, the prices for Aircraft and Freight and Terminal leases are not set every five years as part of the aeronautical pricing consultation process to achieve a particular target return over the next five years (as they are for the priced activities). At times in the past, these leases have delivered lower returns than the priced activities charged to airlines. More recently they have delivered higher returns as the asset base has been written down in value and additions have been slower than expected. We have been in discussion with BARNZ and some customers on how to best find an appropriate balance between sending appropriate price signals to encourage relocation away from areas being impacted by on-going aeronautical development to less scarce property on the precinct and offering lease rates which reflect a quality of service that tenants are willing to pay for (which requires consideration of comparable market rates and the condition of the facilities provided). We expect these discussions will continue and seek to identify whether any long term methodological changes are appropriate or not.

Section 8: Consolidation Statement

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 for part years of new assets. The IMs do not provide for new assets to be depreciated in the year they are commissioned, resulting in lower regulatory depreciation than GAAP depreciation for those assets.

Another major factor for the difference is due to the revaluation policies required for GAAP and regulatory reporting. Assets have been 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 (GAAP). For regulatory purposes, the Airport business does not revalue non-land assets in the same way, which leads to a difference in depreciation expenses between financial and regulatory reporting. In the 2019 financial year, the difference between the depreciation expense for regulatory and financial reporting purposes is again more pronounced than previous years due to the large amount of terminal development assets commissioned during 2019 and starting to depreciate in the current year for financial reporting but not regulatory reporting. These assets will only begin being depreciated for regulatory purposes next year.

8.2 Revaluations

The revaluations for the Airport businesses consist of a CPI roll-forward for aircraft and freight assets as at 30 June 2019 - consistent with the IM determination and Auckland Airport's pricing approach for PSE3. There are no revaluations for airfield and terminal assets in the regulatory accounts.

The valuations for the Airport Company include the revaluation movements on investment property ($254.0m increase) and building and services assets within the property, plant and equipment portfolio ($83.8m increase).

Land, infrastructure and runway, taxiways and aprons within the property, plant and equipment portfolio were not revalued in the statutory accounts at 30 June 2019.

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 tax expense for the Airport Company (GAAP) is reduced by deferred tax changes in the underlying asset and liability values for financial reporting. The reduction from deferred tax movements results from the decrease in accounting carrying values relative to tax carrying values, which decreases the taxable temporary differences. The regulatory disclosures do not recognise deferred tax movements as a tax payable approach is adopted (per the IM determinations).

The tax expense for the Airport Businesses also includes a notional interest deduction as calculated in Schedule 1(b)(i), whereas the GAAP tax expense reflects the 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.

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.

Section 9: Asset Allocations

There has been no material change from prior year asset allocations.

9.1 General information on asset allocations

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 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.

Section 10: Cost Allocation

There has been no material change from prior year cost allocations. Classifications of operating costs into corporate overheads, asset management / airport operations and asset maintenance were updated in FY18 to provide more comparability to Wellington and Christchurch airports.

10.1 General information on cost allocations

Auckland Airport's financial reporting system groups costs into several business units reflecting the various aeronautical and non-aeronautical business activities undertaken by the company. For the purposes of allocating costs in the disclosure reports, Auckland Airport has apportioned each business unit's operating costs 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 those costs per bullets (4) and (5);

(4) used causal allocators where appropriate to allocate those common costs across regulated and/or non-regulated activities;

(5) allocated the remainder of common costs using proxy allocators;

(6) 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 the aeronautical pricing process);

    (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 rule is 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 cost 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 costs associated with this business unit.

(g) the roadways rule is used to apportion the shared costs of the roadways business unit 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, kerbside and footpaths) have been given regulatory codes, in most cases reflecting the location of those assets. Operating costs 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) secondly 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).

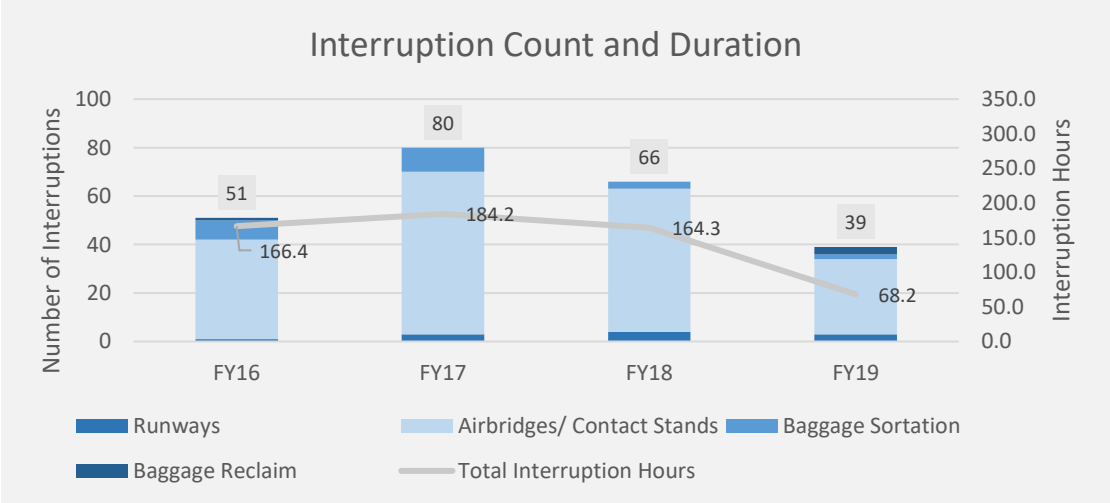
Section 11: Reliability Measures

11.1 Reliability

Our service reliability materially improved in FY19 with double digit percentage reductions to both the number of interruptions, and duration of these interruptions, even with another year of passenger growth. As we set out later two baggage system interruptions resulting from two unforeseen events did however result in more on time departure (OTD) delays than usual. We continue to invest in initiatives to continuously improve system reliability and to mitigate the reliability risks that the construction programme can bring from time to time.

As shown in the timeseries summary below there were 39 reportable interruptions in 2019, down 41%, or 27 from 2018. The number of interruption hours also dropped by 58%, or 96 to 68.2 hours. The sizeable decreases in both number and duration of interruptions were largely due to the improved reliability in our airbridge services.

Figure 6: Timeseries of number and duration of interruptions



The interruptions to runways, taxiways, stands, airbridges, baggage systems and ground power units have continued to be minimal in relation to the service availability of these assets.

In FY19 the percentage of time that material services were available was as follows:

Services	Availability
Runway	99.988%
Taxiway	100.000%
Remote stands and means of embarkation/disembarkation	100.000%
Contact stands and air-bridges	99.983%
Baggage sortation system on departures	99.939%
Baggage reclaim belts	99.990%

11.2 Interruptions

The tables outlined in Schedule 11 report the number and duration of material service interruptions – discussed further in the following sections.
Interruptions are recorded in our 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.
Details of interruptions for each material service are discussed in the following sections.

11.3 Runway performance

In FY19, there were 3 runway interruptions totalling 66 minutes in length. Auckland Airport was responsible for two interruptions totalling 30 minutes.

The two interruptions that Auckland Airport holds responsibility for were both caused by pavement defects found on the runway slabs in the 23L Touchdown Zone over the Christmas and New Year period. On both 28 December 2018 and 5 January 2019, the runway was closed for 15 minutes in order to carry out quick stick repairs. The December closure affected 10 arriving flights. The January closure affected 4 departing flights.

The airport has added new testing to the slab maintenance routine for defect finding. Preventative repairs will be undertaken until planned slab replacement occurs.

The third interruption occurred on 3 November 2018. A Sichuan Airlines arrival flight declared a nose gear issue before landing. The runway was closed for a total of 34 minutes because the lift tug could not engage to commence towing due to the camber of the runway. A second tug with a tow bar was brought in and was able to tow the aircraft. The incident affected five departing flights but no OTD delays were caused.

11.4 Taxiway performance

There was no interruption relating to taxiways in FY19.

Over the year Auckland Airport has continued to upgrade asphalt on taxiways and the apron to improve reliability and reduce the risk of Foreign Object Debris (FOD) resulting from deteriorated asphalt breaking apart and posing a risk to aircraft and disruption of aircraft movement. In FY19 we completed asphalt replacement work on Taxiway Foxtrot between Stands 18 and 19, and Taxiway Kilo behind Stands 1 and 3.

11.5 Stand and Airbridge Performance

There were no interruptions to remote stands. There were 31 interruptions to contact stands and airbridges with 26 of these resulting in OTD delays in FY19. The numbers reflected a year on year reduction of 47% and 13% on interruptions and OTD delays respectively. Auckland Airport was responsible for 19 interruptions and 16 OTD delays, down by 51% and 20% on previous year.

Airbridge interruptions totalled 34 hours, down by 123 hours or 79% on the year before. Auckland Airport was responsible for 24 hours of those interruptions, down by 84% on the last year.

The significant decrease on count and duration of interruptions was partially attributable to the improvement of our regulatory outage review process. In FY19, management changed the review frequency from monthly to weekly. Each outage that occurs is now evaluated by a senior analyst on a weekly basis to determine whether it meets the criteria for a reportable interruption. The weekly review process has improved the accuracy and integrity of outage data as any ambiguity in recorded information is resolved immediately.

Initiatives undertaken towards minimising airbridge faults included:

- Replacement of cab roller doors with new type double swing doors (Domestic stand 20, 21 and 32);
- Non-destructive crack testing of drive shafts;
- Resolution found for persistent GPU power plug not engaging with Boeing 789 redesigned power sockets; and
- Root cause analysis of failures continues to point to the value of increasing non-destructive methods of condition assessment.

11.6 Baggage Sortation

There were two interruptions to the baggage sortation system in FY19, down one from the prior year. However, the duration of the interruptions was 27 hours, four times more than the previous year. Auckland Airport was responsible for both interruptions.

Both interruptions were a direct result of two major unforeseen emergency events that led to the unavailability of the baggage sortation system and significant flight delays.

The first interruption was caused by a fire evacuation event at the international terminal building on 8 December 2018. At 5:37pm the ballast in a light fitting overheated and caught fire in a tenanted storeroom on the ground mezzanine floor in the building. Smoke sensors and a sprinkler activated, extinguishing the fire and triggering evacuations of both check-in and arrivals processing areas. Customers were evacuated from the check-in hall for just over three hours, with check-in reopening at 8:50pm. The baggage sortation service was hence unavailable during the period (3.3 hours) and 29 departing flights were delayed for a total of 75 hours.

The second interruption was caused by a major incident within the airport's Information Technology network on 19 January 2019. At 00:55am, two suspected hardware failures caused what is known as a "Broadcast Storm". It degraded a range of services and resulted in widespread intermittent outages to some critical airport services. Baggage sortation was among the affected services – while still operating, the speed of the system was below that required for normal operations. Operations reverted to business continuity processes for flight processing for a period of 23 hours. All services were restored 23.5 hours from incident start. The interruption caused 47 departing delays totaling 44.2 hours.

The corrective actions for the above two incidents are covered in Schedule 15: Operational Improvement Processes.

Except for the above two interruptions, our baggage sortation systems at both terminals did not cause any regulatory outages and interruptions in FY19.

These two incidents aside, the overall baggage sortation reliability and resilience continues to improve. The specific baggage handling system project (known as “BHS 3000”) has continued throughout FY19 and will continue into FY20-as our resiliency and optimisation programme.

Some of the key FY19 enhancements are:

- Converting lateral 13 into a carousel for additional capacity
- Installing a new carousel 14, adding increased capacity at baggage makeup
- Replacing the cross over diverter to the East Hall with a high-speed plough
- Various tuning and capacity enhancements

11.7 Baggage Reclaim

There were 3 baggage reclaim interruptions in FY19, all caused by the terminal evacuations which resulted in the unavailability of international baggage reclaim services.

The first interruption was caused by the same fire evacuation outlined above in section 11.6 on 8 December 2018. The interruption to the baggage reclaim services lasted 4.9 hours on the day. Some 18 arriving flights were affected.

The second interruption occurred on 18 April 2019. The evacuation of baggage hall arrivals was triggered by a sprinkler head being knocked off by a maintenance vehicle. The evacuation lasted 26 minutes and one arriving flight was affected.

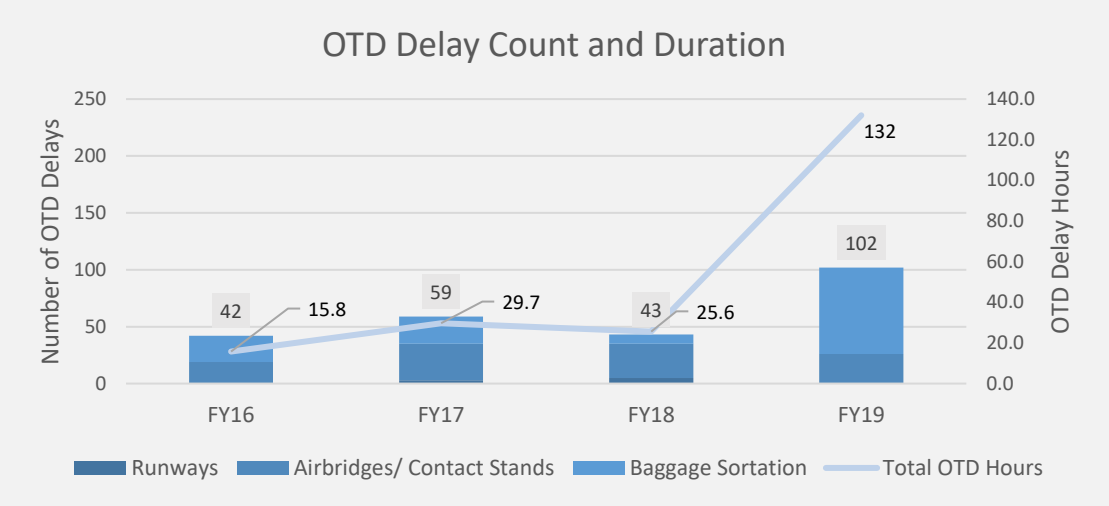
The third one happened in the following month on 12 May 2019. A sprinkler head in the Arrivals area in the International Terminal was damaged by a contractor. The damage triggered multiple sensor activations and eventually the evacuation of Customs and Immigration areas and Duty-Free areas in arrivals, which prevented customers being able to access the baggage reclaim area downstairs. The interruption lasted 1 hour and 25 minutes.

11.8 On-time departure delays

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

All OTD delays that are visible to the apron tower are logged in the fault management system. Management conducts a detailed review each week to correctly assess these.

Figure 7: Timeseries of number and duration of on time departure delays



As shown in the chart above, FY19 had 102 OTD delays totaling 132 hours. Auckland Airport was responsible for 92 OTD delays with 128 OTD hours in total, accounting for 90% and 97% of the total OTD count and duration respectively.

Whilst OTDs caused by asset interruptions doubled in FY19 (from 0.04% to 0.09%), they still represent less than 0.1% of total aircraft movements. It is important to note these statistics do not capture OTD caused by airlines not associated with asset availability – for which there are many more delays.

The spike in both the count and duration of OTD delays was caused by the earlier mentioned major interruptions to our baggage sortation system on 8 December 2018 and 19 January 2019.

The December interruption caused 29 flights being delayed for a total of 75 hours and the January one delayed 47 flights for a total of more than 44 hours. In total, these two interruptions accounted for 75% and 90% of FY19's total OTD delay count and durations respectively.

Contact stands and air-bridge interruptions caused the remaining 26 OTD delays totalling 12.8 hours. Auckland Airport was responsible for 16 of these delays for a total of 8.8 hours.

11.9 Fixed electrical ground power units

Fixed Electrical Ground Power (FEGP) interruptions have been captured by matching the outages over 15 minutes data from the fault management system with data on when airlines were using stands with FEGPs.

The percentage of time FEGP's were available in the 2019 financial year was 98.6%, a slight increase from 98.4% the previous last year.

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

The declared runway capacity under visual meteorological conditions, consistent with that reported in the Aeronautical Information Publication, is 45 movements per hour. This reduces to 38 movements per hour in instrument meteorological conditions when a greater separation is applied, and 22 movements per hour in fog.

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

In FY19, Auckland Airport's international aircraft movements increased 2.5% and domestic movements increased by 2.6%. With additional contact stands 17 and 18 available for the full fiscal year, despite increase in movements there was a 1.8% reduction in international bussing operations. Initiatives put in place to manage additional growth included:

- contingency parking on Taxiway D was used on a weekly basis as required. This was managed with minimum impact to aircraft operations.
- design and planning for remote stands and extension of Taxiway M has commenced to increase stand capacity by six in 2021.
- reviewing and reporting on runway occupancy times;

The Airfield Capacity Enhancement Steering Group (ACE), continue to meet bi-monthly. The group has been successful in improving runway capacity and is currently focused on the following key initiatives, to further increase capacity:

- reviewing and reporting on runway occupancy times;
- reducing variability on approach speeds to provide consistent spacing; and
- trialing increased arrivals flow rates into Auckland to improve flow and reduce ground delay;

Looking further ahead, second runway planning is now in the concept design phase.

Section 13: Capacity utilisation indicators for specified passenger terminal facilities

13.1 General comments on terminal capacity utilisation

Auckland Airport's terminal capital utilisation remains relatively high. Auckland Airport's infrastructure delivery program is being delivered incrementally and as a result there are a mix of new spaces in the terminals that have large amounts of capacity, alongside older spaces that will need to be developed and improved as part of the extensive development program over the next 10 years. Auckland Airport strives to deliver a high level of customer service for our travelling guests and this is achieved through a mix of the exciting new spaces and optimising the existing spaces through process improvement and new technology. Whilst in an investment era we remain focused on maximising the productivity of our existing assets, whilst also deploying sustainable maintenance and construction practices.

Capacity challenges could also occur from the loss of operational spaces due to construction activities in the live airport environment or if higher than expected growth occurs before the delivery of the new floor spaces. Managing the customer experience, safety and putting assets to their highest and best use will be a key focus while we are in heavy construction phase.

13.2 Key insights

International Terminal

Check-in

Check-in counters at the international terminal are at full capacity during peak hours. Over the last three years, Auckland Airport has been investing in and encouraging airlines to adopt new kiosk technology alongside a manned bag drop product. This product has a two-step process which provides up to 20% additional check-in counters capacity and has allowed growth in passenger numbers in the peak. As at 30 June 2019, 10 airlines representing 74% of international departing customers have adopted check-in kiosk technology at Auckland (a mix of Auckland Airport's kiosks and Air New Zealand's dedicated check-in zone). Whilst uptake has been slightly slower than expected we expect kiosks to be almost fully utilised in peak.

Ongoing process and technological efficiencies remain a priority for the check-in function in order to provide resilience when the current check-in footprint is expected to be affected by the domestic jet facility (DJF) construction activities. The optimisation of the check-in area through further technology such as automated bag-drops, off-site check-in and biometrics could potentially minimise the requirement for additional future check-in footprint which will in turn provide value for money to the airlines and to the travelling customers.

Departures

FY19 marked the completion of the international departure expansion project, though most of the footprint was delivered in FY18. This expansion included a significant increase in the size of the emigration facility as well as an expanded airside passenger dwell and retail areas.

Significantly larger spaces are now available for both passport control and security screening. This has provided space for Aviation Security to install its new smart lanes and body scanners, as well as providing a flexible footprint to manage future changes in security and technology.

Arrivals

Inbound biosecurity screening is at full capacity during peak hours. This area is significantly impacted by off schedule arrivals (the percentage of international aircraft arriving at Auckland Airport +/- 15 mins of their scheduled arrival time is currently less than 60%). There can be capacity challenges at all three of the in-bound biosecurity processes (risk assessment, x-ray, and search).

In FY19 we have continued to work closely with Biosecurity New Zealand to enhance biosecurity screening and provide a more seamless experience for travellers during busy periods, particularly during the northern winter/summer peak. By sharing data unique to each organisation, the partnership has been able to simulate and test scenarios involving high traveller numbers and to improve resource planning.

Auckland Airport and Biosecurity New Zealand also worked together to simplify the way travellers move through biosecurity screening, reducing the number of lanes from three to two, and removing the option for people to move through biosecurity differently, depending on their nationality.

These changes resulted in a more streamlined customer journey through the international arrivals area during 2018 and 2019 and reduced overall processing times by 10.5%.

We will continue to work collaboratively with Biosecurity New Zealand to minimise the potential impact to the customer journey in the current operational space until the new arrivals area is delivered (one of the eight key anchor projects) or in the event of changes to screening processes due to an increased biosecurity threat.

Domestic Terminal

A significant programme of work has been underway in FY19 to address maintenance and productivity priorities at the existing domestic terminal. The first portion of this programme will deliver a better customer experience through an increased queuing area for security screening as well as significant improvements in the landside food and beverage and circulation areas.

13.3 Floor space

Significant changes to floor spaces from the previous disclosure year were:

International Terminal - Outbound

- Passport Control (Outbound) – increase of 667 sqm due to the full completion of the international departure expansion project.
- Airside Circulation (Outbound) – increase of 815 sqm on level 1 due to the full completion of the international departure expansion project.

International Terminal – Inbound

- Baggage Reclaim – 731 sqm increase as a result of baggage belt 7 being returned to service with the full completion of the international departure expansion project.

Domestic Terminal

- No significant change

Section 14: Passenger satisfaction indicators

14.1 General comments

Auckland Airport's primary independent source of passenger satisfaction is the Airport Service Quality Survey (ASQ). We also collate real time feedback through kiosks. Together these provide valuable information on customer priorities for enhanced service or infrastructure.

The ASQ Survey is the airport industry's standard for measuring traveller satisfaction. ASQ surveys are currently conducted at around 330 airports in 47 languages in 84 countries. Over 75% of the world's top 100 airports are currently ASQ survey members. Each year, some 550,000 travellers worldwide are interviewed as part of ASQ Surveys.

The ASQ Survey measures 34 key service areas and includes eight major categories, such as access, check-in, security, airport facilities and food and beverage providers. All participating airports use the same survey questions. This creates an industry standard set of responses that allows Auckland Airport to track and analyse its performance and compare against peers.

Through the use of ASQ benchmarking, Auckland Airport is able to:

- get an independent perspective on performance
- identify areas of opportunity
- understand travellers' needs, priorities and expectations
- prioritise improvement opportunities
- set and monitor performance expectations; and
- manage change effectively.

The survey is conducted quarterly with a minimum sample size of 350 travellers per quarter, which equates to a minimum of 1,400 travellers surveyed per year. The ASQ sample plan specifies quotas by airline and destination so that the total sample is representative of Auckland Airport's actual traffic mix. All interviews (domestic or international) take place in the boarding gate area while travellers are waiting to board their flights. Each questionnaire is completed by one traveller only.

To ensure that the survey results are as accurate as possible, ASQ publishes field work guidelines on an annual basis. These guidelines outline the procedures to be followed when implementing the sample plan and conducting traveller interviews. A copy of the field work requirements can be found on Auckland Airport's website:
https://corporate.aucklandairport.co.nz/news/publications/regulatory-disclosures

Traveller responses to each question are gathered according to a five-point scale:
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, as the annual sample size 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 5% are deemed statistically insignificant.

Auckland Airport has also chosen a group of airports with comparable features from the ASQ survey programme as a panel and uses the average score of this panel to benchmark our performance. Most of these peer airports are key destinations from Auckland and are subject to commercial disciplines and of a similar size of 10-25 million travellers.

Each quarter Auckland Airport undertakes a detailed review of the survey scores. The results are fed into business activities and process improvement initiatives. For regulatory purposes the Commerce Commission requires us to report on 14 key indicators that are specific to Domestic and 15 key indicators that are specific to International.

14.2 Domestic terminal

Despite the age of the domestic terminal and the construction works underway to enhance the facility in a fit for purpose way, customers continue to rate the domestic terminal highly – with an average ASQ score of 4.1 out of 5 in FY19, consistent with FY18.

Shown below are the Domestic Terminal's 14 regulated indicator scores. Compared with the 2018 financial year, we maintained or improved the score on 13 out of the 14 key indicators in 2019, with noticeable improvement on courtesy and helpfulness of airport staff, availability of washrooms, as well as feeling of being safe. Walking distance inside the terminal was the only area slightly set back on the previous year.

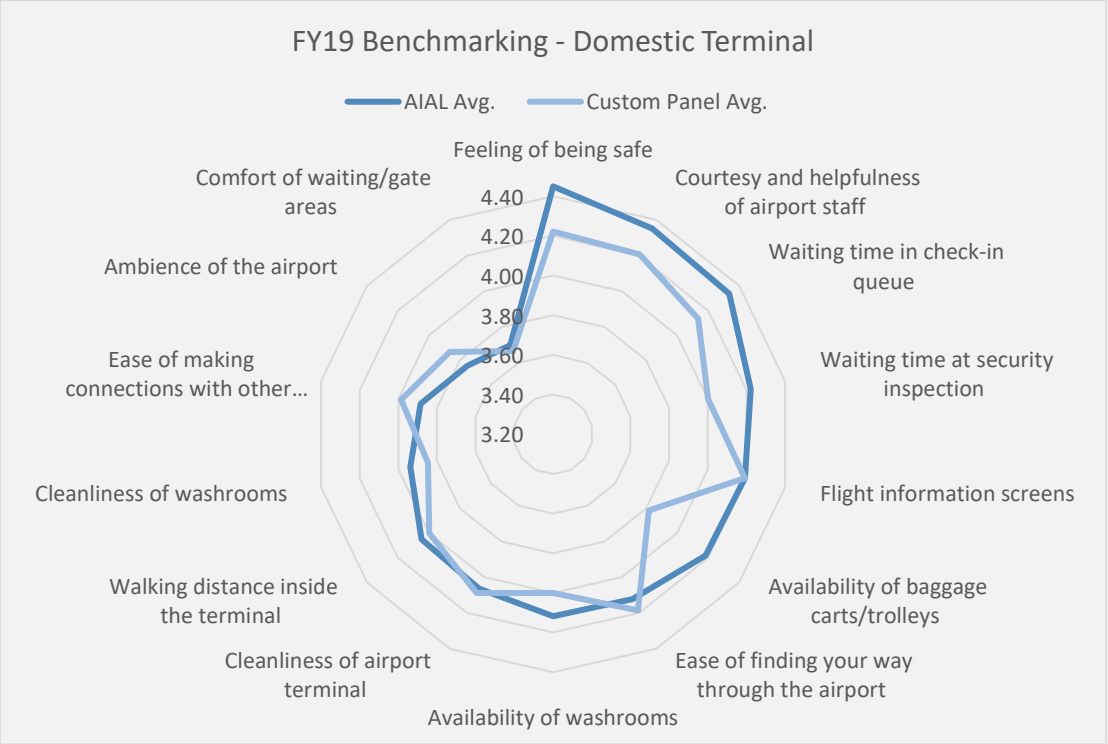
Figure 8: Timeseries of Airport Service Quality Scores – Domestic

The ever-improving high score of airport staff can be largely attributed to our ongoing focus on enhancing customer experience and treating each person as a guest. The score indicates that our front-line staff's role of assisting guests in need and facilitating their journeys was again well received by customers.

Noticeable improvement on “Availability of washrooms” also followed our focus on delivering meaningful customer improvements. In FY19 we opened new facilities and worked closely with our cleaning contractor to ensure that all washrooms were maintained at a high level.

The domestic terminal also performed well against our international custom benchmarks in FY19. The graph below compares Auckland Airport’s ASQ scores in the Domestic Terminal to the score average of our 24-airport peer group. The graph shows that Auckland Airport matched or outperformed the panel on almost all factors except the noticeable gap in the “Ease of making connections with other flights” and “Ambience of the airport” categories.

Figure 9: FY19 Airport Service Quality Benchmarking Domestic



In addition to the quarterly ASQ surveys, Auckland Airport also monitors customer experience hourly using customer feedback kiosks.

Four kiosks have been situated in the domestic terminal since FY17 with two in the arrival baggage area and two in the departure bathrooms. Guests are now able to use these devices to rate their experience in real time and select the reasons for dissatisfaction if they rate a service poorly. These four kiosks have in total collected 146,918 individual responses in FY19, up by 37% or 40,000 more responses on the previous year. Out of all the responses, the combined Very Good and Excellent ratings accounted for 74%. Overall score of the domestic terminal also rose from 3.9 to 4.0 out of 5.

Over the year, we received over 18,000 comments on where attention or improvement is required. The results are fed back in a timely manner, allowing issues to be remedied as quickly as possible.

14.3 International terminal

A range of meaningful improvements to the international terminal occurred in FY19, following the completion of the multi-stage redevelopment of the international departure area. The development features a wide range of customer experience improvements, including:

- upgraded and oversized bathroom facilities
- a dedicated 'recompose area' post security for customers to repack and get organised
- numerous new charging points to power devices
- two hours free Wi-Fi for all visitors
- contemporary Maori design and illustration on columns, doorways and pillars
- new food and beverage outlets
- 32 new retail stores showcasing the best of New Zealand and the rest of the world

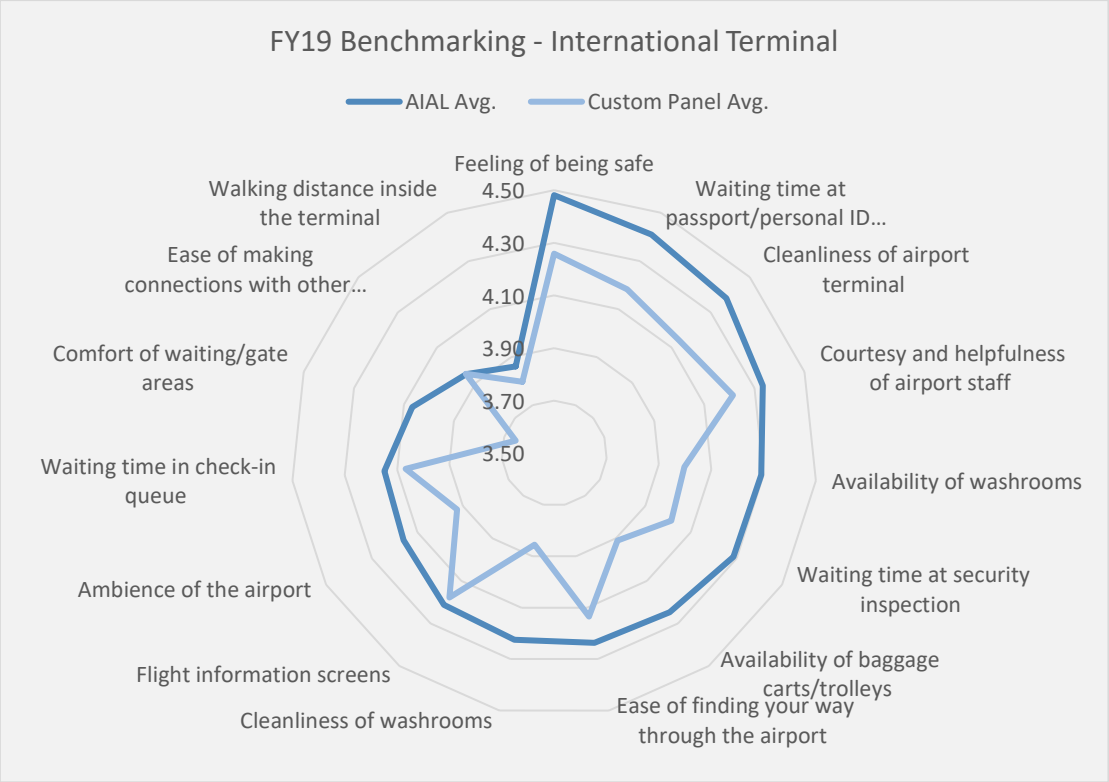
This together with other improvements were well received by our customers as evidenced in an increase in our ASQ customers satisfaction ratings from 4.1 in FY18 to 4.2 out of 5 in FY19.

Figure 10: Timeseries of Airport Service Quality Scores – International

As shown in the chart above, out of the 15 indicators, 10 scored higher than previous year and 4 remained at same level. Noticeable improvements occurred in relation to “Ambience of the airport”, “Comfort of waiting/gate area” and “Ease of finding your way through the airport”. The only noticeable reduction was in relation to the “Ease of making connections with other flights” category.

Relative to our peer airports we also continue to benchmark well. As the chart below demonstrates, we exceeded the average scores of our benchmark panel in all areas with noticeable margin except for “Easing of making connections with other flights” where we were near average.

Figure 11: FY19 Airport Service Quality Benchmarking – International



Real-time customer feedback is also collated from 17 customer feedback kiosks in the international terminal. These are located landside and airside and cover key bathrooms, baggage hall, departure gates and dwell areas. In FY19 545,000 individual responses were collected, up 20% or 90,000 more responses on the previous year. Among these responses, 78% of customers gave us “Very Good” (30%) and “Excellent” (48%) ratings.

Details of projects and initiatives to enhance the passenger journey can be found in the next section.

The health and safety of our customers also remained a top priority of our daily operation, and we were pleased to reduce our passenger injury rate by 41.3% year on year across our operation and the score of “Feeling of being safe” reached a new high in FY19.

Section 15: Operational Improvement Processes

In FY19 we continued to invest in operational improvement processes to provide quality services to our customers, and to help accommodate the ongoing increases in passengers and aircraft.

With dozens of active aeronautical investment projects underway across the airport, operational improvement processes are important to help minimise the impact of construction activities on passengers and our airport partners.

Auckland Airport has remained focused on working collaboratively and constructively with all of our stakeholders to maintain and improve service quality for both passengers and airlines.

As outlined further below, in FY19 Auckland Airport undertook a range of activities to seek out system wide efficiencies, improve quality of service through improving operational processes and improve health and safety outcomes.

15.1 Enhancing system performance

15.1.1. Collaborative forums

In FY19 we led or participated in a number of specific forums to facilitate operational improvement in targeted areas, such as the weekly baggage control meeting and the monthly airbridge meeting.

We also relaunched the Airport – Collaborative Decision-Making A-CDM 2.0 (A-CDM). This is focussed on allowing airport stakeholders to make decisions based on real time data to improve the ground turn performance of an aircraft. The aim of the A-CDM refresh is improve the on-time performance and more effectively use the available assets of the airport while realising some substantial saving in fuel burn and CO2 omissions.

We also continued to support airlines and border agencies to implement their own operational improvement priorities.

15.1.2. Runway performance, planning and resilience

In FY19, we agreed a pathway with the Airfield Capacity Enhancement group to increase ATMs to 47 per hour in 1HFY20 and 50 per hour by 2022.

15.1.3. Baggage system enhancements

Various baggage handling system projects have continued throughout FY19 into FY20 to improve resiliency and efficiency. Key FY19 enhancements include:

- converting lateral 13 into a carousel for additional capacity
- installing a new carousel 14, adding increased capacity at baggage makeup
- replacing the cross over diverter to the East Hall with a high-speed plough
- processes updates to automatically allocate flights to arrivals baggage belts
- an improved process with more in-house control and management

15.1.4. Stands

Off the back of the successful implementation of a new process to provide an airbridge-like experience for aircraft parked on remote stands we deployed four more mobile covered Aviramps. This increases the productivity of the airfield whilst improving the passenger experience, health and safety and efficiency relative to the use of vertical stairs.

15.2 Customer Experience

In FY19, over and above the delivery of major infrastructure we have continued to rollout smaller improvements to ensure travellers have safe and enjoyable journeys.

15.2.1 Guest promise

In November 2018 we launched training around a customer service promise to further enhance service levels throughout the customer journey. The expected outcome is to ensure our front-line teams are empowered to make decisions that provide the best experience for guests to the airport and for our wider business to understand and practice these principles when interacting with both our travelling guests and airport partners. During FY20 we plan to roll out the Guest Promise and Service Principles to our 3rd party suppliers and COG partners.

15.2.2 New resources

We continued to recruit extra Passenger Experience Assistants to help customers at the airport during the busy December and January months and additional Customer Service Agents to proactively assist guests in need throughout the year.

The services of our customer facing staff have been well received by travellers over the year, as demonstrated by our annual Airport Service Quality (ASQ) survey score for “courtesy and helpfulness of airport staff” continuing to improve and reaching a new high in FY19.

15.2.3 New braked baggage trolleys

In October 2018, we rolled out a fleet of 4000 new braked baggage trolleys at both domestic and international terminals for a better customer experience. The new trolleys are lighter and have upgraded safety, design and functionality. Unlike many airports in the world, travellers will continue to be provided complimentary use of the trolleys inside the terminals and carparks.

15.2.4 Replacement of lift and escalators

In FY19, we replaced one lift and 2 escalators in the international terminal and one escalator in the domestic terminal to improve customer safety and reliability of service. The replaced items were at the end of their life spans and did not have the modern safety features of newer models.

15.2.5 Smarter, more resilient transport networks

During FY19 we delivered a wide range of transport infrastructure projects that reduced travel times, such as the completion of the Nixon Road bypass and the Landing Road intersection upgrade, in partnership with New Zealand Transport Agency (NZTA).

During the 2018/2019 peak summer period, we introduced a range of initiatives to ensure a well-functioning transport network, including a new 'drop and ride' service to reduce forecourt traffic and a promotion to encourage airport precinct workers to use public transport.

15.2.6 Wi-Fi improvements

Auckland Airport has continued to invest in Wi-Fi as both an operations platform and a key customer experience tool. Initiatives in the last few years include:

- Complete replacement of the Wi-Fi operating system. This investment enhanced the flexibility of the system, upgraded security and provided more customer options
- Updated the data pipelines to significantly enhance security, improve speed and capacity and provide sufficient headroom for future growth
- In FY19, free wifi was further increased from 90 minutes to 120 minutes

15.3 Improvement initiatives driving efficiency and innovation

15.3.1 More mobile self-service check-in kiosks and new mobile check-in desks

In FY19, Auckland Airport invested in a further 60 mobile and fully-customisable check-in kiosks as well as 12 mobile check-in desks in the international terminal to improve customer experience and guest processing efficiency. The total 120 mobile kiosks provided by Auckland Airport are now used by 70% of our customers and the average check-in and bag drop time has been reduced from 20 minutes to 8.5 minutes.

15.3.2 Departures improvement sprint

In February 2019 Auckland Airport, Aviation Security and Customs commenced a joint improvement sprint to do a focused project to deliver improvements in customer experience through the departures processes at the International and Domestic terminals.

One improvement initiative trailed in April 2019 was the "prepared traveller lane" through the domestic screening process. This saw an average increase in throughput rates of over 25% during the busiest hour. The trial results were deemed a success and the initiative was aligned with a project to deliver an expanded queuing area at the Domestic screening point with go live early in FY20.

15.3.3 Simplified choice through the Biosecurity screening

In November 2018 we simplified customer choice at the entrance to MPI Biosecurity process. Since implementation we have seen a steady month on month improvement.

15.3.4 Dedicated express lane pathway through departures processing

BARNZ, Auckland Airport, Customs and Avsec agreed to a dedicated Express Lane pathway for premium passengers end to end through the departures journey. This service was extended from emigration processing to include security screening and participating airlines increased from 4 to 15 airlines. The new queueing configuration is flexible to enable the area to be used more widely when there is low demand for the Express Lane.

15.3.5 Closed Circuit Television (CCTV) system and camera upgrades

We continued to invest in the CCTV system to increase safety and security for people and baggage. Key FY19 upgrades included:

- Upgraded Video Management System (VMS) from version 5.5 to 5.7
- Replacement of old analogue CCTV cameras and installation of over 80 new digital IP cameras across the airport campus

15.3.6 Collaborative Operations Group (COG)

Auckland Airport's operations team has continued to work collaboratively with airport stakeholders through the Collaborative Operations Group ("COG") structure in FY19.

The COG group focused on improvement opportunities in three key areas identified by stakeholders – speeding, unrestrained Unit Load Devices (ULDs) and Aerobridge Waste management. The drivers for these initiatives were to reduce the risk of personal injury, asset damage, bio-security risk & poor passenger experiences.

15.3.7 APOC lite

The Auckland Airport Operations and Performance Delivery team again trialled the Airport Operations Centre (APOC) lite model over the 10 peak days of NW18 between 0500-2000 each day to meet the operations demand and also to provide management of unforeseen risks that may occur over this period. APOC Lite will help inform the future APOC build and it is seen that the APOC Lite model will continue over all peak periods.

Coupled with the APOC light sessions there have been daily stand up sessions set with the Joint Border Agencies over peak periods. These joint stand up meetings cover risk, resource and demand. Value is realised by sharing information early and collaboratively by working together to best place the operation in busy periods.

15.3.8 Airline crew and staff entry to Airside (Sterile)

An alternative entry route for Airline Crew and staff to enter the sterile airside environment was developed at the Bulk Delivery Facility. Removal of these workers from the main departure screening area has increased capacity in the passenger screening area by 3-6 percent.

15.3.9 Customer care centre

A dedicated customer care centre was permanently implemented in early FY19 to improve the management and resolution of customer queries and reduce the volume of customer calls received by the operations centre. This resulted in a 15% improvement in responsiveness (measured by the percentage of calls answered in under 20 seconds).

15.4 Health and Safety

15.4.1 Corporate health and safety

In FY19, we continued to focus on the safety and wellbeing of our employees, creating a workplace culture that supports people to stay well, both from a physical and mental health perspective.

In FY19, we registered a decrease in the number of recordable injuries (lost time, medical treatment and restricted work) amongst our people, in comparison to the previous year. This resulted in a reduction in our employee recordable injury rate of 2.2%.

We are pleased that proactive attitudes and increased staff engagement relating to safety were reflected in the number of safety observations and hazards reported, increasing 6.8% year on year.

15.4.2 Airport Emergency Service (AES) initiatives:

Key initiatives undertaken by AES in FY19 include:

- Reducing span of control at major incidents by adding an additional Deputy Crew Chief rank to our daily roster
- Creation of marine train the trainer specialists, and in-house helms-person courses
- Implementation of radio repeaters to enable the current and future radio network across the expanding precinct
- SRFO Certificate of Practice Course incorporating Tactical Command refresher, 3rd Officer practical application, sectorisation, cargo fires workshop etc.

15.4.3 Airport safety initiatives

In FY19, we established a Common User Safety Protocol (CUSP) with many of our partners (airlines, border agencies, security partners and ground handlers). The CUSP, signed by our CEO and other senior executives, is a joint commitment by businesses operating around the airport precinct to provide the safest working environment possible in common-use areas in and around the terminals. We also reallocated staff resourcing to high-accident areas, helping to reduce our passenger injury rate by 41.3%.

The 2019 financial year has also seen some significant safety enhancements at both our terminal roads and apron area.

Key Airside Safety Initiatives:

- Digital speed signs installed in breezeway
- Speeding campaign to reduce speeds on the apron
- Loose unit load device (ULD) campaign to ensure all cans are secured on to a trolley or within a closed area
- Seat belt check points to ensure all drivers are wearing them
- New bollards along zones area of hardstand to ensure drivers on road artery are protected from tugs and cargo

- Various new paint marks to highlight parking areas, refresh airfield roadways and to ensure sense of order from drivers
- New chains at each remote stand to secure small ground support equipment in high winds
- New Stand Integrity checks carried out by Airfield Safety Officers (ASOs) to ensure a stand is clear prior to aircraft arrivals to prevent unnecessary delays

Key Landside Safety Initiatives:

- Designated buggy parking spots for charging in terminal
- Designated holding area for wheelchairs in terminal
- Interchangeable signage to convey safety messages in terminal
- Bollards put in place at the domestic terminal to protect passengers crossing roads on busy corners to access smoking areas
- Regular counter audits to ensure all doors to conveyer belts are closed when counter is not staffed

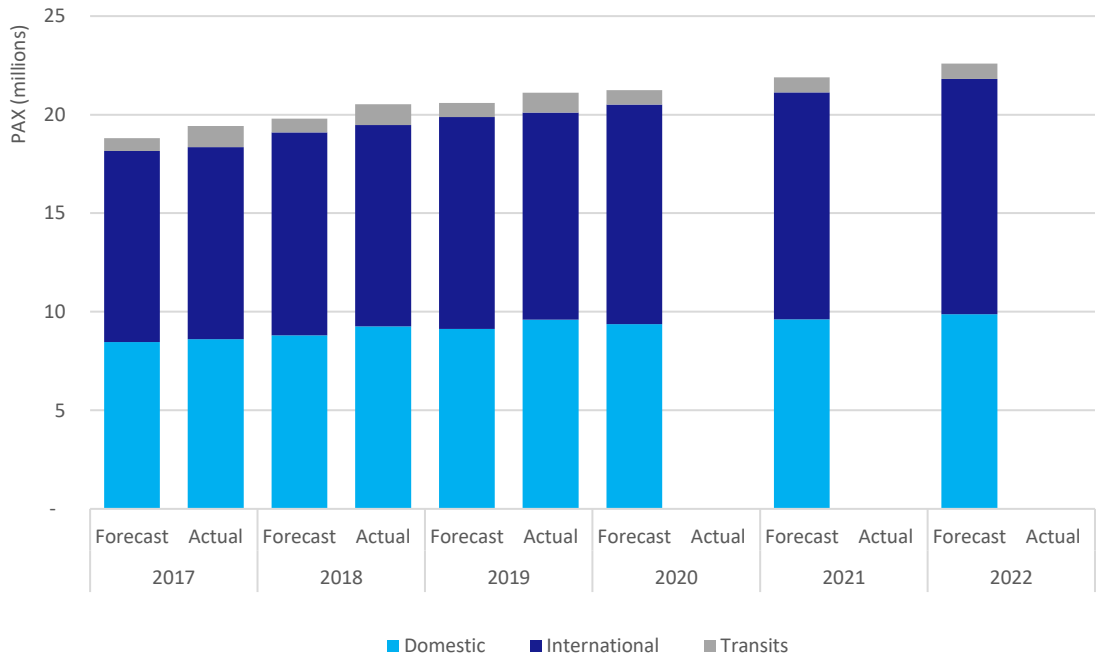
Section 16: Associated statistics

Sustainably growing Auckland Airport's air connectivity supports New Zealand's tourism and trade ambitions and creates greater consumer choice. This year we continued to promote New Zealand as a destination and shared, with existing and new carriers, insights on new routes we consider to be economically viable.

In this section we set out a summary of period to date performance. As the aviation market is dynamic, we provide a summary of key changes for FY19 rather than every material change since the beginning of PSE3.

Overall growth for period to date has been broadly in line with the PSE3 forecast; with international passenger volumes weaker than forecast and domestic passenger volumes stronger than forecast. The table below summarises the actual passenger (PAX) volumes for FY19 compared to that forecast for the period. A change in the transit passenger count was disclosed in FY18 which identified that baseline transit volumes in FY17 were understated.

Figure 12: Auckland Airport Passenger Movements – Actual vs. Price Setting Disclosure



Period to Date Passenger Growth CAGR

	Domestic	International
Forecast	3.9%	5.3%
Actual	5.6%	3.8%

International

International passenger numbers increased by 3.0% in FY19 reflecting more moderate growth across a range of markets compared with that seen in prior years. Twenty-nine international airlines serving Auckland during FY19. Key airline changes were AirAsia X which withdrew its Auckland services in February 2019 and Hong Kong Airlines which withdrew in May 2019.

Key changes in air connectivity for our established markets in FY19 were:

- Air New Zealand launched a new direct Auckland-Taipei service in December 2018, adding 65,000 seats on the route for the year;
- Air New Zealand launched a new direct Auckland-Chicago service in November 2018; supporting a 3.5% increase in capacity to the United States;
- In October 2018, Air New Zealand and Singapore Airlines jointly launched a third daily Auckland-Singapore service, which supported a 22.9% increase in Singapore passenger volumes;
- Emirates launched a new year-round Auckland-Denpasar service in June 2018 - a full year of service supported a 301.5% increase in Indonesian passenger volumes;
- United Airlines moved to year-round services on Auckland-San Francisco in April 2019;
- Upgauging on some Chinese routes supported a 6.2% increase in direct arrivals from Chinese cities; and
- Improved frequency supported a 3.6% capacity to the Pacific Islands

Domestic

Domestic passenger numbers in FY19 increased by 3.6% or 329,959 passengers. This growth was delivered through increased capacity on main trunk jet services particularly on the Auckland-Queenstown route and load factor improvements on regional routes.

16.1 Aircraft movement statistics

The table below outlines aircraft movements and MCTOW in FY19 compared to FY18.

	2019	2018	Change
Aircraft movements			
International aircraft movements	57,082	55,693	2.5%
Domestic aircraft movements	121,689	118,583	2.6%
Total aircraft movements	**178,771**	**174,276**	**2.6%**
MCTOW (tonnes)			
International MCTOW	5,894,112	5,798,018	1.7%
Domestic MCTOW	2,372,412	2,341,699	1.3%
Total MCTOW	**8,266,524**	**8,139,717**	**1.6%**

The slightly lower MCTOW growth versus aircraft movements partly reflects the withdrawal of the Emirates A380 aircraft on the Tasman and increased frequency of smaller aircraft.

PSE3 Period to Date performance is as follows:

- Total MCTOW of 16,406,241 tonnes is 157,528 tonnes or 1.0% below the price setting disclosure forecast.
- International MCTOW period to date is 2.5% below forecast primarily driven by the exit of the A380 aircraft on the Tasman.
- Domestic MCTOW period to date is 3.1% above forecast driven from additional capacity on both main trunk and regional routes.

16.2 Human resource statistics

There was a significant scaling up of the business in FY19. The total full-time equivalent employees (FTE) of the regulated aeronautical business was 409 for FY19. Key changes versus FY18 were:

- Airport Development and Delivery personnel (+21) to support the delivery of the capital plan.
- Airfield Safety Officers (+23) to support the increase in construction activity on the airfield.
- Engineering and Maintenance (+3) to support the increasing asset base.
- Customer Services personnel (+5) to support the growing passenger base and meet expectations for quality facilitation in the terminal.
- Security and Emergency Services (+3).
- Support Services (+10) across Health and Safety, Human Resources and Master Planning were to reflect a general uplift in activity caused by the growth in passengers, construction activity and a significant programme of capital works.

Section 17: Pricing Statistics

Together with the industry, which relies on tourism, we have a strong interest in ensuring the total cost of travel including airport costs, border agencies and taxes does not affect the competitiveness of New Zealand's offer on the international stage. At the same time, we have an interest in ensuring that users pay for the services that they value, there is sufficient capacity in the system and that the incentives exist for us to confidently invest in infrastructure.

Consumers might be interested in comparing Auckland Airport's charges in figures 13 and 14 below to some other non-Auckland Airport costs in the system (levied by the various government border agencies) to form their own view on what represents value for money. For example:

- Passenger security charges of **$11.98 excl GST** per departing international passenger and $6.28 per departing domestic passenger, to fund Avsec's services;
- the border clearance levy of **$15.79 incl GST** for arrivals (covers MPI and Customs border activity) is about the same as our average international terminal passenger charges; and
- the new tourist levy introduced from 1 July 2019 of **$35** per passenger is approximately $12 more expensive than our average total international aeronautical charges per passenger.

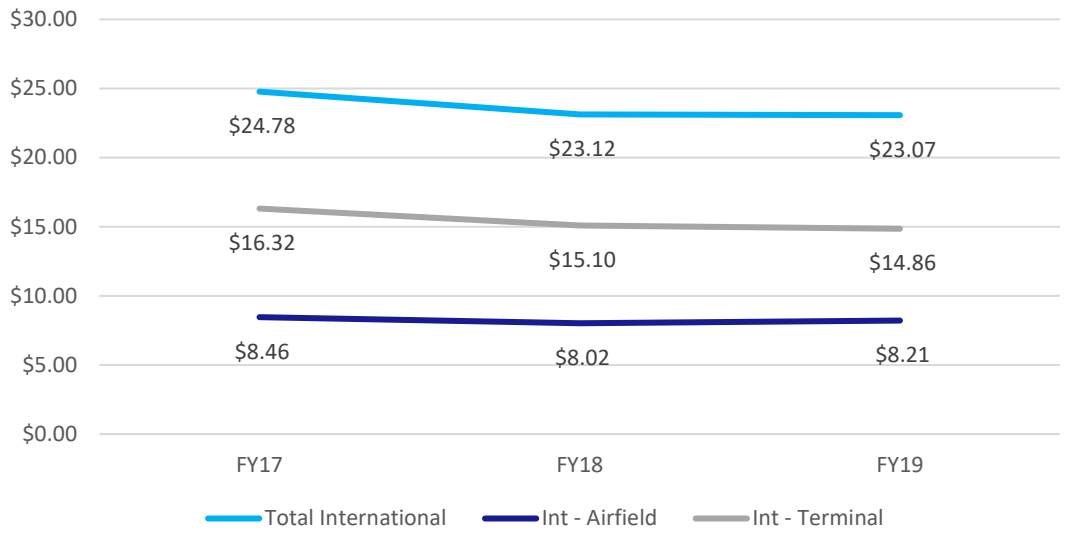
Consumers can be confident that the charges set by Auckland Airport have been subject to thorough review via our five yearly aeronautical price setting process. A review by the Commerce Commission resulted in Auckland Airport revising its charges post the initial price setting event with discounted charges taking effect from 1 July 2019. The schedule of discounted standard charges is available on our website (www.aucklandairport.co.nz).

All airport charges are collected from airlines and form part of their cost of operations (i.e. there are no charges directly payable by passengers to the airport). Actual charges per passenger can vary depending on the mix of passengers travelling and the type of aircraft flown.

17.1 International

As the chart on the following page sets out, average international charges per passenger relating to both airfield and passenger terminal activities have decreased on average by -3.5% for the period to date to **$23.07** per passenger.

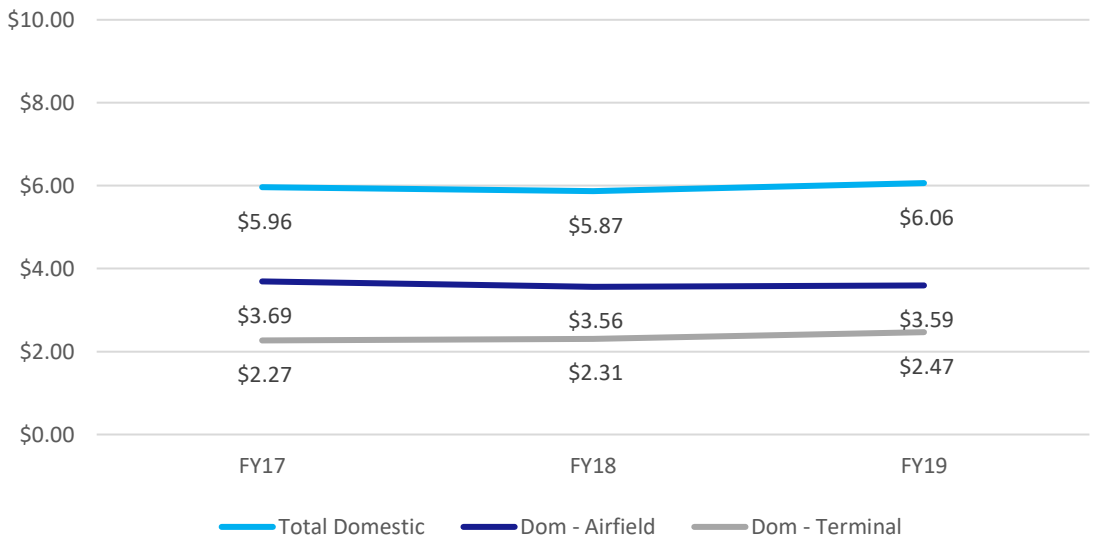
Figure 13: Average Charges per Passenger - International



17.2 Domestic

As set out below, the actual average domestic charge per passenger has increased by a CAGR of 0.9% for the period to date to **$6.06** per passenger.

Figure 14: Average Charges per Passenger - Domestic



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

Company Name	Auckland International Airport Limited
Disclosure Date	30 November 2019
Disclosure Year (year ended)	30 June 2019
Pricing period starting year (year ended)	30 June 2018

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

Table of Contents

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 in 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	**Auckland International Airport Limited**
For Year Ended	**30 June 2019**
Pricing period starting year (year ended)	**30 June 2018**

SCHEDULE 1: REPORT ON PROFITABILITY

ref *Version 5.0*

1a: Internal Rates of Return

	Actual for Current Disclosure Year	Forecast for Current Disclosure Year	Variance
Post-tax IRR - pricing period to date (%)	9.74%	8.78%	0.96%
Post-tax IRR - current year (%)	9.67%	8.50%	1.17%

1a(i): Pricing Period to Date IRR

($000 unless otherwise specified)

		Actual for Period to Date	Forecast for Period to Date	Variance
	Opening RAB	1,187,257	1,244,584	(57,328)
	Opening carry forward adjustment	82,510	82,510	–
	Opening investment value	1,104,747	1,162,074	(57,328)
plus	Total regulatory income	695,284	684,893	10,391
less	Assets commissioned	424,585	626,308	(201,723)
plus	Asset disposals	–	–	–
less	Operational expenditure	242,386	236,188	6,198
less	Unlevered tax	92,081	87,355	4,726
	RAB value	1,502,486	1,743,808	(241,322)
	Closing carry forward adjustment	83,940	83,940	–
	Closing investment value	1,418,547	1,659,869	(241,322)
	Post-tax IRR for pricing period to date (%)	9.74%	8.78%	0.96%

1a(ii): Current Year Annual IRR

($000 unless otherwise specified)

		Actual for Current Disclosure Year	Forecast for Current Disclosure Year	Variance
	Opening RAB	1,411,886	1,388,203	23,684
	Opening carry forward adjustment	83,225	83,225	–
	Opening investment value	1,328,661	1,304,978	23,684
plus	Total regulatory income	357,051	350,537	6,514
less	Assets commissioned	139,913	417,167	(277,254)
plus	Asset disposals	–	–	–
less	Operational expenditure	125,685	122,465	3,220
less	Unlevered tax	48,507	42,744	5,763
	RAB value	1,502,486	1,743,808	(241,322)
	Closing carry forward adjustment	83,940	83,940	–
	Closing investment value	1,418,547	1,659,869	(241,322)
	Post-tax IRR for current year (%)	9.67%	8.50%	1.17%

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	**Auckland International Airport Limited**
For Year Ended	**30 June 2019**
Pricing period starting year (year ended)	**30 June 2018**

SCHEDULE 1: REPORT ON PROFITABILITY (cont)

ref *Version 5.0*

1b: Actual IRR Inputs

	Pricing Period Starting Year 30 June 2018	Pricing Period Starting Year + 1 30 June 2019	Pricing Period Starting Year + 2 30 June 2020	Pricing Period Starting Year + 3 30 June 2021	Pricing Period Starting Year + 4 30 June 2022
Opening RAB	1,187,257	1,411,886	1,502,486	–	–
Opening carry forward adjustment	82,510	83,225	83,940	–	–
Opening investment value	1,104,747	1,328,661	1,418,547	–	–
Total regulatory income	338,359	356,925			
Assets commissioned - 1st month	6,466	88,686			
Assets commissioned - 2nd month	6,387	2,951			
Assets commissioned - 3rd month	46,799	192			
Assets commissioned - 4th month	5,715	6,552			
Assets commissioned - 5th month	110,497	1,644			
Assets commissioned - 6th month	9,966	11,647			
Assets commissioned - 7th month	1,618	2,904			
Assets commissioned - 8th month	41,924	65			
Assets commissioned - 9th month	773	9,509			
Assets commissioned - 10th month	1,845	850			
Assets commissioned - 11th month	13,708	909			
Assets commissioned - 12th month	38,974	14,003			
Asset disposals	–	–			
Operational expenditure	116,701	125,685			
Unlevered tax	43,574	48,507			
RAB value	1,411,886	1,502,486			
Closing carry forward adjustment	83,225	83,940			
Closing investment value	1,328,661	1,418,547	–	–	–
Post-tax IRR - pricing period to date (%)	9.85%	9.74%	(78.31%)	(78.31%)	(78.31%)

1c: Carry Forward Balance

	Actual	Forecast	Variance
Opening carry forward adjustment	83,225	83,225	–
Default revaluation gain/loss adjustment	–	–	–
Risk allocation adjustment	–	–	–
Other carry forward adjustment – forecast	715	715	–
Other carry forward adjustment – not forecast	–		–
Closing carry forward adjustment	83,940	83,940	–

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 Ended: **Auckland International Airport Limited** — **30 June 2019**

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT

Version 5.0

2a: Regulatory Profit

($000 unless otherwise specified)

		Actual	Forecast	Variance
Income				
	Airfield	127,650	128,595	(945)
	Passenger Service Charge	185,097	187,645	(2,548)
	Check-In	5,404	4,326	1,078
	N/A	–	–	–
	Lease, rental and concession income	35,579	26,338	9,241
	Other operating revenue	3,195	3,633	(438)
	Net operating revenue	356,925	350,537	6,388
	Gains / (losses) on sale of assets	126	–	126
	Other income	–	–	–
	Total regulatory income	357,051	350,537	6,514
Expenses				
	Operational expenditure:			
	Corporate overheads	20,830	29,295	(8,465)
	Asset management and airport operations	88,645	78,641	10,004
	Asset maintenance	16,210	14,529	1,681
	Total operational expenditure	125,685	122,465	3,220
Operating surplus / (deficit)		231,366	228,072	3,294
	Regulatory depreciation	58,760	60,725	(1,965)
plus	Indexed revaluation	1,091	1,234	(143)
plus	Periodic land revaluations	–	–	–
	Total revaluations	1,091	1,234	(143)
Regulatory Profit / (Loss) before tax		173,697	168,580	5,117
less	Regulatory tax allowance	45,653	42,744	2,909
Regulatory Profit / (Loss)		128,044	125,836	2,208

Regulated Airport	**Auckland International Airport Limited**
For Year Ended	**30 June 2019**

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT (cont)

ref *Version 5.0*

($000 unless otherwise specified)

2b: Notes to the Report

2b(i): Financial Incentives

		($000)
Pricing incentives	124	
Other incentives	5,204	
Total financial incentives		5,328

2b(ii): Rates and Levy Costs

	($000)
Rates and levy costs	3,180

2b(iii): Merger and Acquisition Expenses

	($000)
Merger and acquisition expenses	–

Justification for Merger and Acquisition Expenses

Refer to Disclosure Commentary Note 2

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2019**

SCHEDULE 3: REPORT ON THE REGULATORY TAX ALLOWANCE

ref *Version 5.0*

3a: Regulatory Tax Allowance

ref					($000)
7		Regulatory profit / (loss) before tax			173,697
8					
9	*plus*	Regulatory depreciation	58,760		
10		Other permanent differences—not deductible	267	*	
11		Other temporary adjustments—current period	6,423	*	
12					65,450
13					
14	*less*	Total revaluations	1,091		
15		Tax depreciation	56,407		
16		Notional deductible interest	10,194		
17		Other permanent differences—non taxable	–	*	
18		Other temporary adjustments—prior period	8,410	*	
19					76,102
20					
21		Regulatory taxable income (loss)			163,045
22					
23	*less*	Tax losses used	–		
24		Net taxable income			163,045
25					
26		Statutory tax rate (%)	28%		
27		Regulatory tax allowance			45,653
28					
29		Notional interest tax shield	2,854		
30		Unlevered tax			48,507

** Workings to be provided*

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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

ref			($000)	
48		Opening RAB (Tax Value)	929,247	
49	*plus*	Regulatory tax asset value of additions	128,673	
50	*less*	Regulatory tax asset value of disposals	4,754	
51	*plus*	Regulatory tax asset value of assets transferred from/(to) unregulated asset base	–	
52	*less*	Tax depreciation	56,407	
53	*plus*	Other adjustments to the RAB tax value	(5,523)	
54		Closing RAB (tax value)		991,236

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

ref			($000)	
57		Tax losses (regulated business)—prior period	–	
58	*plus*	Current year tax losses	–	
59	*less*	Tax losses used	–	
60				
61		Tax losses (regulated business)		–

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

ref			
63		RAB value - previous year	1,411,886
64		Debt leverage assumption (%)	19%
65		Cost of debt assumption (%)	4%
66		Notional deductible interest	10,194
67		Tax rate (%)	28%
68		Notional interest tax shield	2,854

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Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2019**

SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD

ref	Version 5.0		Actual ($000)	Forecast ($000)	Variance ($000)
8	**RAB value—previous disclosure year**		1,411,886	1,388,203	23,684
10	*less* Regulatory depreciation		58,760	60,725	(1,965)
11	*plus* Total revaluations		1,091	1,234	(143)
12	*plus* Assets Commissioned		139,913	417,167	(277,254)
13	*less* Asset disposals		615	2,069	(1,454)
14	*plus* Lost and found assets adjustment		–	–	–
15	Adjustment resulting from cost allocation		8,971	–	8,971
17	**RAB value †**		1,502,486	1,743,808	(241,322)

		Unallocated RAB * ($000)	Unallocated RAB * ($000)	RAB ($000)	RAB ($000)
21	**RAB value—previous disclosure year**		1,662,475		1,411,886
22	*less*				
23	**Regulatory depreciation**		71,329		58,760
24	*plus*				
25	Indexed revaluations	1,091		1,091	
26	Periodic land revaluations	–		–	
27	**Total revaluations**		1,091		1,091
28	*plus*				
29	Assets commissioned (other than below)	187,138		138,505	
30	Assets acquired from a regulated supplier	–		–	
31	Assets acquired from a related party	2,019		1,408	
32	**Assets commissioned**		189,157		139,913
33	*less*				
34	Asset disposals (other)	145		144	
35	Asset disposals to a regulated supplier	–		–	
36	Asset disposals to a related party	726		471	
37	**Asset disposals**		870		615
39	*plus* **Lost and found assets adjustment**		20,263		–
41	**Adjustment resulting from cost allocation**				8,971
43	**RAB value †**		1,800,788		1,502,486

** 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: **Auckland International Airport Limited**
For Year Ended: **30 June 2019**

SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD (cont)

ref *Version 5.0*

($000 unless otherwise specified)

4b: Notes to the Report

4b(i): Regulatory Depreciation

	Unallocated RAB ($000)	RAB ($000)
Standard depreciation	71,329	58,760
Non-standard depreciation	–	–
Regulatory depreciation	71,329	58,760

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

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

($000 unless otherwise specified)

CPI at CPI reference date—previous year (index value)	1,015
CPI at CPI reference date—current year (index value)	1,032
Revaluation rate (%)	1.67%
Asset category revaluation rates	
Land	1.67%
Sealed Surfaces	1.67%
Infrastructure and buildings	1.67%
Vehicles, plant and equipment	1.67%

Revaluations	Unallocated RAB		RAB	
Land	445		445	
Sealed Surfaces	–		–	
Infrastructure and buildings	644		644	
Vehicles, plant and equipment	2		2	
Indexed revaluation		1,091		1,091

4b(iv): Works Under Construction

		Unallocated works under construction		Allocated works under construction	
	Works under construction—previous disclosure year		164,206		135,415
plus	Capital expenditure	155,401		117,003	
less	Asset commissioned	189,157		139,913	
plus	Adjustment resulting from cost allocation				4,470
	Works under construction		130,451		116,975

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2019**

SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD (cont)

ref | *Version 5.0*

4b(v): Capital Expenditure by Primary Purpose

ref				
100		Capacity growth	96,961	
101	*plus*	Asset replacement and renewal	20,042	
102		Total capital expenditure		117,003

4b(vi): Asset Classes

ref			Land	Sealed Surfaces	Infrastructure & Buildings	Vehicles, Plant & Equipment	Total *
105		RAB value—previous disclosure year	336,989	251,947	780,642	42,307	1,411,886
106	*less*	Regulatory depreciation	4	10,223	34,000	14,532	58,760
107	*plus*	Indexed revaluations	445	–	644	2	1,091
108	*plus*	Periodic land revaluations	–				–
109	*plus*	Assets commissioned	–	741	124,316	14,856	139,913
110	*less*	Asset disposals	471	144	0	–	615
111	*plus*	Lost and found assets adjustment	22,518	–	(22,518)	–	–
112	*plus*	Adjustment resulting from cost allocation	5,001	2,548	(9,570)	10,992	8,971
113		RAB value	364,478	244,869	839,514	53,625	1,502,486

** Corresponds to values in RAB roll forward calc*

4b(vii): Assets Held for Future Use

ref			($000)	($000)	
116		Assets held for future use opening cost—previous year		326,866	
117	*plus*	Holding costs	21,639		
118	*less*	Assets held for future use net revenue	(1,144)		
119	*plus*	Assets held for future use additions	1,018		
120	*less*	Assets held for future use disposals	823		
121	*less*	Transfers to works under construction	4,716		
122		Assets held for future use closing cost		345,127	
123					
124		Opening base value		161,321	
125	*plus*	Assets held for future use revaluations	–		
126	*plus*	Assets held for future use additions	1,018		
127	*less*	Assets held for future use disposals	416		
128	*less*	Transfers to works under construction	4,716		
129		Closing base value		157,207	
130					
131	*plus*	Opening tracking revaluations	(13,291)		
132		Tracking revaluations	(13,291)		
133		Highest rate of finance applied (%)			6.62%
134					

Regulated Airport	**Auckland International Airport Limited**
For Year Ended	**30 June 2019**

SCHEDULE 5: REPORT ON RELATED PARTY TRANSACTIONS

ref *Version 5.0*

5(i): Related Party Transactions

	($000)
Net operating revenue	–
Operational expenditure	5,376
Related party capital expenditure	8,496
Market value of asset disposals	1,549
Other related party transactions	2,572

5(ii): Entities Involved in Related Party Transactions

Entity Name	Related Party Relationship
Auckland Council	Auckland Council's shareholding of Auckland International Airport exceeds 20 percent and as such accounting standard NZ IAS 24 requires the transactions with Auckland Council to be treated as related party transactions. All transactions were on an arms-length commercial basis, without special privileges.
City Park Services	Auckland Airport also has a grounds maintenance contract with City Park Services, a commercial business of Auckland Council. All transactions were on an arms-length commercial basis, without special privileges.
Watercare	Auckland Airport also receives water, waste water and compliance services from Watercare, a 100% subsidiary of Auckland Council. 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.
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	2,649
Auckland Council (Operational expenditure)	Compliance, consent fees and other government regulatory obligations	N/A	3
City Park Services (Operational expenditure)	Grounds maintenance for the regulated business	N/A	1,523
Fulton Hogan (Operational expenditure)	Engineering services for the regulated business	N/A	97
Watercare (Operational expenditure)	Water, wastewater and compliance services for the regulated business	N/A	1,104
Auckland Council (Capital expenditure)	Compliance, consent fees and other government regulatory obligations	N/A	285
Fulton Hogan (Capital expenditure)	Engineering services for the regulated business	N/A	8,211

31	Auckland Airport non-regulated business (Asset disposal)	Transfer of 10,736 sqm of land (previously in the regulated asset base as stormwater use) to the non-regulated asset base (as part of investment property land and promised to be vested in Auckland Council). This land has been transferred in accordance with clause 1.4(3) of the Information Disclosure Determination for assets disposed of to a related party.	68	726
32	Auckland Airport non-regulated business (Asset disposal)	Transfer of 9,202 sqm of land (previously held for future use in the regulated asset base) to the non-regulated asset base (relating to land to be leased as investment property). This land has been transferred in accordance with clause 1.4(3) of the Information Disclosure Determination for assets disposed of to a related party.	89	823
33	Auckland Airport non-regulated business (Other transactions)	Transfer of 8,665 sqm of investment property land at Jimmy Ward Crescent to assets held for future use, identified to be necessary for aeronautical use as per the Master Plan. The land was transferred to AHFU per clauses 3.9(1)(e) and 3.9(4) of the Input Methodolgies Determination. In 2020, this site will be utilised for the Airport's roading network.	(80)	(694)
34	Auckland Airport (non-regulated business (Other transactions)	Transfer of 12,837 sqm of investment property land at Timberly Road Pond and Access Road to the regulated asset base, utilised as part of the stormwater network. The transfer was made per clauses 3.9(1)(e) and 3.9(4) on the Input Methodologies Determination.	(126)	(1,611)
35	Auckland Airport (non-regulated business (Other transactions)	Transfer of 8,060 sqm of investment property land relating to the Nixon Road Extension in to the regulated asset base, with the extension becoming open and available for use from December 2018. The transfer was made per clauses 3.9(1)(e) and 3.9(4) on the Input Methodologies Determination.	(51)	(408)
36	Key management personnel (Other transactions)	Remuneration of directors	N/A	1,119
37	Key management personnel (Other transactions)	Remuneration of the senior management team	N/A	4,124
38	Auckland International Airport Marae Ltd (Other transactions)	Maintenance and occupancy costs for the regulated business	N/A	42

39 **Commentary on Related Party Transactions**

40 Refer to Disclosure Commentary Note 5.

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Regulated Airport For Year Ended: **Auckland International Airport Limited** — **30 June 2019**

SCHEDULE 6: REPORT ON ACTUAL TO FORECAST PERFORMANCE

ref *Version 5.0*

6a: Actual to Forecast Expenditure

($000)

Expenditure by Category	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
Capacity growth	96,961	409,728	(76.3%)	283,695	657,279	(56.8%)
Asset replacement and renewal	20,042	47,069	(57.4%)	48,627	104,973	(53.7%)
Total capital expenditure	117,003	456,797	(74.4%)	332,322	762,252	(56.4%)
Corporate overheads	20,830	29,295	(28.9%)	44,346	56,499	(21.5%)
Asset management and airport operations	88,645	78,641	12.7%	166,497	151,668	9.8%
Asset maintenance	16,210	14,529	11.6%	31,544	28,020	12.6%
Total operational expenditure	125,685	122,465	2.6%	242,386	236,188	2.6%
Key Capital Expenditure Projects						
International Terminal (Check in, Outbound Baggage & Landside Dwell)	5,193	1,129	359.8%	10,634	13,045	(18.5%)
International Terminal (Airside Emigration & Dwell)	25,407	20,848	21.9%	111,138	71,850	54.7%
International Terminal (Pier and Connections)	2,214	55,066	(96.0%)	56,653	133,260	(57.5%)
International Terminal (Arrivals)	98	40,248	(99.8%)	960	60,411	(98.4%)
Ground Transport Centre / Plaza - Aeronautical elements (Ground Transport Centre / Plaza - Aeronautical elements)	–	535	(100.0%)	(0)	1,673	(100.0%)
Integrated Facility (Domestic Jet Facility (Phase 5))	11,593	135,708	(91.5%)	27,775	171,562	(83.8%)
Existing Domestic Terminal (Extension of Life)	3,891	11,295	(65.6%)	4,941	11,295	(56.3%)
Runway, Taxiway and Aprons (Code F Taxiway, Stands and Aprons)	5,528	6,130	(9.8%)	11,482	17,475	(34.3%)
Runway, Taxiway and Aprons (Code B/C/E taxiway, stands and aprons (Phase 5))	33	64,100	(99.9%)	33	69,582	(100.0%)
Runway, Taxiway and Aprons (Airfield Utilities)	3,814	18,656	(79.6%)	5,301	27,331	(80.6%)
Runway, Taxiway and Aprons (Flexible contingent runway)	1,002	–	Not defined	1,209	–	Not defined
Support Facilities (Business Technology)	5,441	3,577	52.1%	9,306	8,641	7.7%
Support Facilities (Acoustic Mitigation)	1,742	1,694	2.8%	3,243	3,319	(2.3%)
Support Facilities (AD&D Support Projects)	1,477	6,813	(78.3%)	4,284	11,714	(63.4%)
Support Facilities (Airport Emergency Services)	725	10,447	(93.1%)	1,982	11,240	(82.4%)
Support Facilities (Marketing Customer Service and Communications)	597	565	5.7%	754	1,188	(36.5%)
Support Facilities (Corporate)	1,231	1,150	7.1%	3,167	2,334	35.7%
Airport Campus Utilities (Utilities - Stormwater)	–	2,434	(100.0%)	–	3,112	(100.0%)
Airport Campus Utilities (Utilities - Water & Wastewater)	905	6,230	(85.5%)	1,952	8,345	(76.6%)
Airport Campus Utilities (Utilities - Power - LV and HV Power)	–	1,449	(100.0%)	–	1,753	(100.0%)
Airport Surface Access Network (Terminal Roads)	7,880	7,617	3.4%	9,238	15,124	(38.9%)
Airport Surface Access Network (Arterial and Other Roads)	12,511	18,198	(31.3%)	19,804	29,611	(33.1%)
Asset Maintenance (Slab Replacement and Runway Works)	163	9,036	(98.2%)	12,148	17,702	(31.4%)
Asset Maintenance (Airbridge Refurbishment)	1,309	1,581	(17.2%)	1,425	3,098	(54.0%)
Asset Maintenance (Business as Usual)	16,128	11,157	44.5%	23,466	25,419	(7.7%)
Second Runway incl Utilities (Second Runway incl Utilities)	6,551	18,377	(64.3%)	9,814	29,647	(66.9%)
		–	Not defined		–	Not defined
Other capital expenditure	1,571	2,757	(43.0%)	1,615	12,524	(87.1%)
Total capital expenditure	117,003	456,797	(74.4%)	332,321	762,252	(56.4%)

Explanation of Variances

Refer Disclosure Commentary Note 6.

Airport businesses are to provide explanations of material variances between actual and forecast expenditure.

** Disclosure year coincides with Pricing Period Starting Year + 1.*

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2019**

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 2018

	Expenditure by Category	for year ended	Pricing Period Starting Year 30 Jun 18	Pricing Period Starting Year + 1 30 Jun 19	Pricing Period Starting Year + 2 30 Jun 20	Pricing Period Starting Year + 3 30 Jun 21	Pricing Period Starting Year + 4 30 Jun 22
86	Capacity growth		247,551	409,728	422,721	499,410	544,606
87	Asset replacement and renewal		57,904	47,069	36,408	38,125	42,894
88	Total forecast capital expenditure		305,455	456,797	459,129	537,535	587,501
89							
90	Corporate overheads		27,204	29,295	30,447	31,587	32,868
91	Asset management and airport operations		73,027	78,641	81,733	84,793	88,230
92	Asset maintenance		13,492	14,529	15,100	15,665	16,300
93	Total forecast operational expenditure		113,722	122,465	127,281	132,045	137,398

	Key Capital Expenditure Projects	for year ended	Pricing Period Starting Year 30 Jun 18	Pricing Period Starting Year + 1 30 Jun 19	Pricing Period Starting Year + 2 30 Jun 20	Pricing Period Starting Year + 3 30 Jun 21	Pricing Period Starting Year + 4 30 Jun 22
96	International Terminal (Check in, Outbound Baggage & Landside Dwell)		11,915	1,129	6,403	36,309	109,960
97	International Terminal (Airside Emigration & Dwell)		51,002	20,848	702	–	0
98	International Terminal (Pier and Connections)		78,194	55,066	43,025	0	0
99	International Terminal (Arrivals)		20,163	40,248	41,862	119	15,638
100	Ground Transport Centre / Plaza - Aeronautical elements (Ground Transport Centre / Plaza - Aeronautical elements)		1,138	535	584	15,841	29,198
101	Integrated Facility (Domestic Jet Facility (Phase 5))		35,854	135,708	138,494	176,562	139,691
102	Existing Domestic Terminal (Extension of Life)		–	11,295	11,814	–	–
103	Runway, Taxiway and Aprons (Code F Taxiway, Stands and Aprons)		11,345	6,130	3,004	61,304	120,282
104	Runway, Taxiway and Aprons (Code B/C/E taxiway, stands and aprons (Phase 5))		5,481	64,100	83,189	94,618	–
105	Runway, Taxiway and Aprons (Airfield Utilities)		8,675	18,656	4,711	1,172	1,223
106	Runway, Taxiway and Aprons (Flexible contingent runway)		–	–	–	–	–
107	Support Facilities (Business Technology)		5,064	3,577	3,741	3,906	6,017
108	Support Facilities (Acoustic Mitigation)		1,625	1,694	1,772	1,850	1,931
109	Support Facilities (AD&D Support Projects)		4,901	6,813	7,126	7,441	7,764
110	Support Facilities (Airport Emergency Services)		793	10,447	–	–	–
111	Support Facilities (Marketing Customer Service and Communications)		623	565	591	617	644
112	Support Facilities (Corporate)		1,184	1,150	1,203	1,256	1,310
113	Airport Campus Utilities (Utilities - Stormwater)		678	2,434	2,300	1,544	716
114	Airport Campus Utilities (Utilities - Water & Wastewater)		2,115	6,230	5,975	1,688	1,283
115	Airport Campus Utilities (Utilities - Power - LV and HV Power)		305	1,449	1,373	3,010	–
116	Airport Surface Access Network (Terminal Roads)		7,507	7,617	9,316	7,323	1,962
117	Airport Surface Access Network (Arterial and Other Roads)		11,413	18,198	11,008	12,336	27,166
118	Asset Maintenance (Slab Replacement and Runway Works)		8,666	9,036	9,451	9,869	10,297
119	Asset Maintenance (Airbridge Refurbishment)		1,517	1,581	1,654	1,727	1,802
120	Asset Maintenance (Business as Usual)		14,262	11,157	12,120	12,027	11,767
121	Second Runway incl Utilities (Second Runway incl Utilities)		11,270	18,377	57,190	85,778	95,605
122							
123	Other capital expenditure		9,767	2,757	520	1,237	3,247
124	Total forecast capital expenditure		305,455	456,797	459,129	537,535	587,501

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2019**

SCHEDULE 6: REPORT ON ACTUAL TO FORECAST PERFORMANCE (cont)

ref *Version 5.0*

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

Proposed risk allocation adjustment	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)
[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

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: **Auckland International Airport Limited**
For Year Ended: **30 June 2019**

SCHEDULE 7: REPORT ON SEGMENTED INFORMATION

ref *Version 5.0*

($000)

	Specified Passenger Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business*
Airfield	–	127,650	–	127,650
Passenger Service Charge	185,097	–	–	185,097
Check-In	5,404	–	–	5,404
N/A	–	–	–	–
Lease, rental and concession income	18,111	412	17,056	35,579
Other operating revenue	1,055	855	1,285	3,195
Net operating revenue	209,667	128,917	18,341	356,925
Gains / (losses) on asset sales	268	(142)	–	126
Other income	–	–	–	–
Total regulatory income	209,935	128,775	18,341	357,051
Total operational expenditure	88,610	32,587	4,488	125,685
Regulatory depreciation	37,444	19,265	2,051	58,760
Total revaluations	–	–	1,091	1,091
Regulatory tax allowance	21,597	21,009	3,047	45,653
Regulatory profit/ loss	62,284	55,914	9,846	128,044
RAB value	767,462	653,564	81,460	1,502,486

** 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 2019**

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
Net income	357,051	(126)	356,925	384,705	741,630
Total operational expenditure	125,685	–	125,685	63,205	188,890
Operating surplus / (deficit) before interest, depreciation, revaluations and tax	231,366	(126)	231,240	321,500	552,740
Depreciation	58,760	16,219	74,979	27,212	102,191
Revaluations	1,091	(1,653)	(562)	250,773	250,211
Tax expense	45,653	832	46,485	84,646	131,131
Net operating surplus / (deficit) before interest	128,044	(18,830)	109,214	460,415	569,629
Property plant and equipment	1,502,486	1,535,381	3,037,867	3,539,206	6,577,073

8b: NOTES TO CONSOLIDATION STATEMENT

8b(i): REGULATORY / GAAP ADJUSTMENTS

($000)

Description of Regulatory / GAAP Adjustment	Affected Line Item	Regulatory / GAAP Adjustments *
Net income is higher under Regulatory (vs GAAP) due to the Regulatory gain on disposals value.	Net income	(126)
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	16,219
The difference in revaluations between GAAP and Regulatory is due to the different valuation methodologies used, as described in the accompanying commentary document.	Revaluations	(1,653)
The regulatory/GAAP adjustment of $0.8m relates to deferred tax "expense" of $4.9m that is recognised in Airport Business GAAP, offset by the tax effect of $2.9m in relation to the notional interest deduction (which is not claimed in the the GAAP tax calculation) and the effect of prior period tax adjustments on Airport Business GAAP, totalling $2.8m.	Tax expense	832
For "The Airport Business", GAAP PP&E is higher than Regulatory PP&E due to the following reasons: 1) GAAP asset revaluations have resulted in higher values than the Regulatory revaluations (note that assets within the Buildings & Services category were revalued in FY19). 2) Future Use assets are excluded from "The Airport Business" for Regulatory but included in "The Airport Business" for GAAP. Further information on this can be found in the accompanying commentary document.	Property plant & equipment	1,535,381
-	[Select one]	–
-	[Select one]	–

** To correspond with the clause 8a column Regulatory/GAAP adjustments*

Commentary on the Consolidation Statement

Refer to Disclosure Commentary Note 8.

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2019**

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS

ref *Version 5.0*

9a: Asset Allocations

($000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
Land						
Directly attributable assets	136	306,901	26,677	333,714		333,714
Assets not directly attributable	24,443	5,779	541	30,764	11,687	42,451
Total value land				364,478		
Sealed Surfaces						
Directly attributable assets	7,248	237,621	–	244,870		244,870
Assets not directly attributable	–	–	–	–	–	–
Total value sealed surfaces				244,870		
Infrastructure and Buildings						
Directly attributable assets	86,950	38,851	48,546	174,347		174,347
Assets not directly attributable	611,600	48,817	4,750	665,166	276,688	941,855
Total value infrastructure and buildings				839,513		
Vehicles, Plant and Equipment						
Directly attributable assets	10,910	5,948	89	16,947		16,947
Assets not directly attributable	26,175	9,647	856	36,678	9,926	46,604
Total value vehicles, plant and equipment				53,625		
Total directly attributable assets	105,244	589,321	75,312	769,878		769,878
Total assets not directly attributable	662,218	64,244	6,147	732,609	298,301	1,030,910
Total assets	767,462	653,565	81,460	1,502,486	298,301	1,800,788

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), roadng and adjacent Infrastructure, lightning, 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

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]		
42			[Select one]		
43			[Select one]		
44			[Select one]		
45			[Select one]		
46			[Select one]		
47			[Select one]		
48			[Select one]		
49			[Select one]		
50			[Select one]		
51			[Select one]		
52			[Select one]		
53			[Select one]		
54			[Select one]		
55					

Regulated Airport	**Auckland International Airport Limited**
For Year Ended	**30 June 2019**

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)

ref *Version 5.0*

62 **Asset Allocators (cont)**

ref	Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
64			[Select one]		
65			[Select one]		
66			[Select one]		
67			[Select one]		
68			[Select one]		
69			[Select one]		
70			[Select one]		
71			[Select one]		
72			[Select one]		
73			[Select one]		
74			[Select one]		
75			[Select one]		
76			[Select one]		
77			[Select one]		
78			[Select one]		
79			[Select one]		
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91			[Select one]		
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114			[Select one]		
115			[Select one]		
116			[Select one]		
117			[Select one]		
118			[Select one]		
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123			[Select one]		
124			[Select one]		
125			[Select one]		
126			[Select one]		
127			[Select one]		
128			[Select one]		

129 ** A description of the metric used for allocation, e.g. floor space.*

130

Regulated Airport	**Auckland International Airport Limited**
For Year Ended	**30 June 2019**

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)

ref *Version 5.0*

9b: Notes to the Report

9b(i): Changes in Asset Allocators

($000)

			Effect of Change		
			CY-1 30 Jun 18	Current Year (CY) 30 Jun 19	CY+1 30 Jun 20
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–

Commentary on Asset Allocations

Refer Disclosure Commentary Note 9.

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2019**

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
Corporate Overheads						
Directly attributable operating costs	293	–	–	293		293
Costs not directly attributable	12,528	7,376	634	20,537	11,580	32,117
Asset Management and Airport Operations						
Directly attributable operating costs	38,938	5,057	766	44,762		44,762
Costs not directly attributable	26,175	15,458	2,249	43,882	46,200	90,082
Asset Maintenance						
Directly attributable operating costs	7,127	3,155	703	10,986		10,986
Costs not directly attributable	3,548	1,542	135	5,225	5,425	10,650
Total directly attributable costs	46,359	8,212	1,470	56,040		56,040
Total costs not directly attributable	42,251	24,375	3,018	69,644	63,205	132,849
Total operating costs	88,610	32,587	4,488	125,685	63,205	188,890

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

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 AIRSIDE 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 vehcile 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					

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2019**

SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)

ref	Version 5.0				
54	**Cost Allocators (cont)**				
55	**Operating Cost Category**	**Allocator***	**Allocator Type**	**Rationale**	**Operating Cost Line Items**
56	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
57	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
58			[Select one]		
59			[Select one]		
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110			[Select one]		
111			[Select one]		
112			[Select one]		
113	** A description of the metric used for allocation, e.g. floor space.*				
114					

Regulated Airport | **Auckland International Airport Limited**
For Year Ended | **30 June 2019**

SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)

ref *Version 5.0*

10b: Notes to the Report

10b(i): Changes in Cost Allocators

			CY-1 30 Jun 18	Current Year (CY) 30 Jun 19	CY+1 30 Jun 20
			Effect of Change		**($000)**
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–

Commentary on Cost Allocations

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2019**

SCHEDULE 11: REPORT ON RELIABILITY MEASURES

ref *Version 5.0*

ref		Number	Total Duration Hours	Total Duration Minutes
6	**Runway**			
7	The number and duration of interruptions to runway(s) during disclosure year by party primarily responsible			
8	Airports	2	–	30
9	Airlines/Other	1	–	34
10	Undetermined reasons	–	–	–
11	Total	3	1	04
12	**Taxiway**			
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	**Remote stands and means of embarkation/disembarkation**			
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	**Contact stands and airbridges**			
25	The number and duration of interruptions to contact stands during disclosure year by party primarily responsible			
26	Airports	19	23	22
27	Airlines/Other	12	10	15
28	Undetermined reasons	–	–	–
29	Total	31	33	37
30	**Baggage sortation system on departures**			
31	The number and duration of interruptions to baggage sortation system on departures during disclosure year by party primarily responsible			
32	Airports	2	26	46
33	Airlines/Other	–	–	–
34	Undetermined reasons	–	–	–
35	Total	2	26	46
36	**Baggage reclaim belts**			
37	The number and duration of interruptions to baggage reclaim belts during disclosure year by party primarily responsible			
38	Airports	3	6	44
39	Airlines/Other	–	–	–
40	Undetermined reasons	–	–	–
41	Total	3	6	44
42	**On-time departure delay**			
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	92	128	01
45	Airlines/Other	10	4	–
46	Undetermined reasons	–	–	–
47	Total	102	132	1
48				

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2019**

SCHEDULE 11: REPORT ON RELIABILITY MEASURES (cont)

ref | *Version 5.0*

Fixed electrical ground power availability (if applicable)

The percentage of time that FEGP is unavailable due to interruptions*	1.40%

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

Commentary concerning reliability measures

Refer Disclosure Commentary Note 11.

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: **Auckland International Airport Limited**
For Year Ended: **30 June 2019**

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

Number of apron stands available during the runway busy day categorised by stand description and primary flight category

		Contact stand–airbridge	Contact stand–walking	Remote stand–bus
Air passenger services	International	18	4	27
	Domestic jet	9	2	–
	Domestic turboprop	–	13	6
Total parking stands		27	19	33

Busy periods for runway movements

	Date
Runway busy day	2 November 2018
Runway busy hour start time (day/month/year hour)	11 May 2019 1 PM

Aircraft movements

Number of aircraft runway movements during the runway busy day with air passenger service flights categorised by stand description and flight category

		Contact stand–airbridge	Contact stand–walking	Remote stand—bus	Total
Air passenger services	International	149	–	10	159
	Domestic jet	156	3	–	159
	Domestic turboprop	–	222	23	245
	Total	305	225	33	563
Other (including General Aviation)					9
Total aircraft movements during the runway busy day					572

Number of aircraft runway movements during the runway busy hour: 43

Commentary concerning capacity utilisation indicators for aircraft and freight activities and airfield activities

Refer to Disclosure Commentary Note 12.

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2019**

SCHEDULE 13: REPORT ON CAPACITY UTILISATION INDICATORS FOR SPECIFIED PASSENGER TERMINAL ACTIVITIES

Version 5.0

ref	Outbound (Departing) Passengers	International terminal	Domestic terminal	Common area †
	Landside circulation (outbound)			
	Passenger busy hour for landside circulation (outbound)—start time (day/month/year hour)	06-01-2019 - 15:00	16-10-2018 - 8:00	N/A
	Floor space (m^2)	3,843	1,652	N/A
	Passenger throughput during the passenger busy hour (passengers/hour)	1,965	1,487	N/A
	Utilisation (busy hour passengers per $100m^2$)	51	90	N/A
	Check-in			
	Passenger busy hour for check-in—start time (day/month/year hour)	06-01-2019 - 15:00	16-10-2018 - 8:00	N/A
	Floor space (m^2)	4,132	841	N/A
	Passenger throughput during the passenger busy hour (passengers/hour)	1,965	1,487	N/A
	Utilisation (busy hour passengers per $100m^2$)	48	177	N/A
	Baggage (outbound)			
	Passenger busy hour for baggage (outbound)—start time (day/month/year hour)	06-01-2019 - 15:00	16-10-2018 - 8:00	N/A
	Make-up area floor space (m^2)	8,443	3,260	N/A
	Notional capacity during the passenger busy hour (bags/hour)*	3,060	2,000	N/A
	Bags processed during the passenger busy hour (bags/hour)*	2,022	1,145	N/A
	Passenger throughput during the passenger busy hour (passengers/hour)	1,965	1,487	N/A
	Utilisation (% of processing capacity)	66%	57%	N/A
	** Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.*			
	Passport control (outbound)			
	Passenger busy hour for passport control (outbound)—start time (day/month/year hour)	06-01-2019 - 15:00		
	Floor space (m^2)	1,379		
	Number of emigration booths and kiosks	21		
	Notional capacity during the passenger busy hour (passengers/hour) *	2,856		
	Passenger throughput during the passenger busy hour (passengers/hour)	1,965		
	Utilisation (busy hour passengers per $100m^2$)	143		
	Utilisation (% of processing capacity)	69%		
	** Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.*			
	Security screening			
	Passenger busy hour for security screening—start time (day/month/year hour)	06-01-2019 - 15:00	15-11-2018 - 7:00	
	Facilities for passengers excluding international transit & transfer			
	Floor space (m^2)	2,074	592	
	Number of screening points	6	5	
	Notional capacity during the passenger busy hour (passengers/hour) *	1,800	1,350	
	Passenger throughput during the passenger busy hour (passengers/hour)	1,965	1,167	
	Utilisation (busy hour passengers per $100m^2$)	95	197	
	Utilisation (% of processing capacity)	109%	86%	
	Facilities for international transit & transfer passengers			
	Floor space (m^2)	204		
	Number of screening points	2		
	Notional capacity during the passenger busy hour (passengers/hour)*	540		
	Estimated passenger throughput during the passenger busy hour (passengers/hour)	53		
	Utilisation (busy hour passengers per $100m^2$)	26		
	Utilisation (% of processing capacity)	10%		
	** Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.*			

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2019**

SCHEDULE 13: REPORT ON CAPACITY UTILISATION INDICATORS FOR SPECIFIED PASSENGER TERMINAL ACTIVITIES (cont 1)

Version 5.0

ref		International terminal	Domestic terminal	Common area †
61				
62	**Airside circulation (outbound)**			
63	Passenger busy hour for airside circulation (outbound)—start time			
64	(day/month/year hour)	06-01-2019 - 15:00	16-10-2018 - 8:00	
65	Floor space (m²)	12,674	2,273	
66	Passenger throughput during the passenger busy hour (passengers/hour)	2,018	1,487	
67	Utilisation (busy hour passengers per 100m²)	16	65	
68	**Departure lounges**			
69	Passenger busy hour for departure lounges—start time (day/month/year hour)	06-01-2019 - 15:00	16-10-2018 - 8:00	
70	Floor space (m²)	8,126	2,922	
71	Number of seats	3,990	1,075	
72	Passenger throughput during the passenger busy hour (passengers/hour)	2,018	1,487	
73	Utilisation (busy hour passengers per 100m²)	25	51	
74	Utilisation (passengers per seat)	0.5	1.4	
75	**Inbound (Arriving) Passengers**			
76	**Airside circulation (inbound)**			
77	Passenger busy hour for airside circulation (inbound)—start time			
78	(day/month/year hour)	23-12-2018 - 15:00	17-01-2019 - 18:00	N/A
79	Floor space (m²)	12,529	2,298	N/A
80	Passenger throughput during the passenger busy hour (passengers/hour)	2,209	1,590	N/A
81	Utilisation (busy hour passengers per 100m²)	18	69	N/A
82	**Passport control (inbound)**			
83	Passenger busy hour for passport control (inbound)—start time			
84	(day/month/year hour)	23-12-2018 - 15:00		
85	Floor space (m²)	1,660		
86	Number of immigration booths and kiosks	28		
87	Notional capacity during the passenger busy hour (passengers/hour) *	3,253		
88	Passenger throughput during the passenger busy hour (passengers/hour)	2,071		
89	Utilisation (busy hour passengers per 100m²)	125		
90	Utilisation (% of processing capacity)	64%		
91	** Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.*			
92	**Landside circulation (inbound)**			
93	Passenger busy hour for landside circulation (inbound)—start time			
94	(day/month/year hour)	23-12-2018 - 15:00	17-01-2019 - 18:00	N/A
95	Floor space (m²)	1,513	1,652	N/A
96	Passenger throughput during the passenger busy hour (passengers/hour)	2,071	1,590	N/A
97	Utilisation (busy hour passengers per 100m²)	137	96	N/A
98	**Baggage reclaim**			
99	Passenger busy hour for baggage reclaim—start time (day/month/year hour)	23-12-2018 - 15:00	17-01-2019 - 18:00	
100	Floor space (m²)	6,676	1,081	
101	Number of reclaim units	7	2	
102	Notional reclaim unit capacity during the passenger busy hour (bags/hour)*	2,624	938	
103	Bags processed during the passenger busy hour (bags/hour)*	2,131	1,224	
104	Passenger throughput during the passenger busy hour (passengers/hour)	2,071	1,590	
105	Utilisation (% of processing capacity)	81%	131%	
106	Utilisation (busy hour passengers per 100m²)	31	147	
107	** Please describe in the capacity utilisation indicators commentary box how notional capacity and bags throughput have been assessed.*			
108	**Bio-security screening and inspection and customs secondary inspection**			
109	Passenger busy hour for bio-security screening and inspection and			
110	customs secondary inspection—start time (day/month/year hour)	23-12-2018 - 15:00		
111	Floor space (m²)	2,634		
112	Notional MAF secondary screening capacity during the passenger busy hour	2,145		
113	(passengers/hour)*			
114	Passenger throughput during the passenger busy hour (passengers/hour)	2,071		
115	Utilisation (% of processing capacity)	97%		
116	Utilisation (busy hour passengers per 100m²)	79		
117	** Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.*			
118	**Arrivals concourse**			
119	Passenger busy hour for arrivals concourse—start time (day/month/year hour)	23-12-2018 - 15:00	17-01-2019 - 18:00	N/A
120	Floor space (m²)	1,676	260	N/A
121	Passenger throughput during the passenger busy hour (passengers/hour)	2,071	1,590	N/A
122	Utilisation (busy hour passengers per 100m²)	124	611	N/A
123				

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2019**

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

ref *Version 5.0*

		International terminal	Domestic terminal	Common area †
131	**Total terminal functional areas providing facilities and service directly for passengers**			
132	Floor space (m^2)	67,562	14,558	N/A
133	Number of working baggage trolleys available for passenger use			
134	at end of disclosure year	4,050	450	N/A

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

136 Refer Disclosure Commentary Note 13.

168 *Commentary must include an assessment of the accuracy of the passenger data used to prepare the utilisation indicators.*

169 † *For functional components which are normally shared by passengers on international and domestic aircraft.*

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2019**

SCHEDULE 14: REPORT ON PASSENGER SATISFACTION INDICATORS

ref *Version 5.0*

Survey organisation

Survey organisation used	ACI
If "Other", please specify	

Passenger satisfaction survey score
(average quarterly rating by service item)

Domestic terminal	*Quarter for year ended*	**1 30 Sep 18**	**2 31 Dec 18**	**3 31 Mar 19**	**4 30 Jun 19**	**Annual average**
Ease of finding your way through an airport		4.1	4.1	4.1	4.2	4.1
Ease of making connections with other flights		3.8	3.8	3.9	4.1	3.9
Flight information display screens		4.2	4.1	4.3	4.2	4.2
Walking distance within and/or between terminals		4.0	4.0	4.1	4.1	4.0
Availability of baggage carts/trolleys		4.2	4.3	4.1	4.1	4.2
Courtesy, helpfulness of airport staff (excluding check-in and security)		4.3	4.4	4.4	4.4	4.4
Availability of washrooms/toilets		4.1	4.1	4.2	4.1	4.1
Cleanliness of washrooms/toilets		3.9	4.0	4.0	3.8	3.9
Comfort of waiting/gate areas		3.7	3.7	3.8	3.6	3.7
Cleanliness of airport terminal		4.0	4.1	4.1	4.1	4.1
Ambience of the airport		3.7	3.8	3.8	3.7	3.8
Security inspection waiting time		4.2	4.1	4.4	4.2	4.2
Check-in waiting time		4.3	4.3	4.3	4.4	4.3
Feeling of being safe and secure		4.4	4.4	4.5	4.5	4.5
Average survey score		4.1	4.1	4.1	4.1	4.1

International terminal	*Quarter for year ended*	**1 30 Sep 18**	**2 31 Dec 18**	**3 31 Mar 19**	**4 30 Jun 19**	**Annual average**
Ease of finding your way through an airport		4.1	4.1	4.4	4.3	4.2
Ease of making connections with other flights		3.9	3.8	4.1	4.0	3.9
Flight information display screens		4.2	4.1	4.3	4.3	4.2
Walking distance within and/or between terminals		3.7	3.7	4.1	4.0	3.9
Availability of baggage carts/trolleys		4.3	4.2	4.3	4.2	4.2
Courtesy, helpfulness of airport staff (excluding check-in and security)		4.2	4.3	4.4	4.4	4.3
Availability of washrooms/toilets		4.2	4.2	4.4	4.3	4.3
Cleanliness of washrooms/toilets		4.2	4.2	4.3	4.3	4.2
Comfort of waiting/gate areas		4.0	4.0	4.1	4.2	4.1
Cleanliness of airport terminal		4.3	4.3	4.4	4.5	4.4
Ambience of the airport		4.0	4.1	4.3	4.3	4.2
Passport and visa inspection waiting time		4.4	4.4	4.5	4.4	4.4
Security inspection waiting time		4.2	4.2	4.4	4.4	4.3
Check-in waiting time		4.2	4.0	4.2	4.2	4.1
Feeling of being safe and secure		4.4	4.4	4.6	4.5	4.5
Average survey score		4.2	4.1	4.3	4.3	4.2

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 margina of error requirement.

Commentary concerning report on passenger satisfaction indicators

Refer to Disclosure Commentary Note 14.

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: **Auckland International Airport Limited**
For Year Ended: **30 June 2019**

SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES

ref *Version 5.0*

Disclosure of the operational improvement process

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: **Auckland International Airport Limited**
For Year Ended: **30 June 2019**

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 - B787-9 Dreamliner	4,991	1,251,460
Boeing - B777-300ER	3,280	1,149,727
Boeing - B777-200	3,323	1,004,031
Airbus Industrie - A-330-300	3,733	872,632
Boeing - B737-800	5,937	466,229
Airbus Industrie - A-380-800	512	293,446
Airbus Industrie - A-320	3,534	269,327
Airbus Industrie - A-350-900	671	184,805
Airbus Industrie - A-321	942	89,229
Boeing - B777-300	108	33,553
Airbus Industrie - A-340-300	107	28,963
Boeing - B737-200	281	20,062
Antonov - AN-124 Ruslan	7	2,744
Boeing - B747-400	4	1,635
Boeing - B737-300	17	1,041
Convair - CV-580 Convair	21	507
Boeing - B757-27B	3	340
Bombardier - BD-700 Global Express	6	255
Airbus Industrie - A-319	3	215
Boeing - B767-300ER	1	187
Bombardier - Learjet 45	16	146
Gulfstream Aerospace - G650	3	135
Canadair - CL-600 Challenger 600	5	125
Beechcraft - 350 Super King Air	10	98
Dassault - Falcon 50	5	90
Gulfstream Aerospace - G-5	2	82
Boeing - B737-75B	1	78
Embraer - ERJ-135	4	74
Cessna - 525 Citation CJ4	9	70
Boeing - B737-400	1	65
Dassault - Falcon 7X	2	63
Fokker - F-70	1	42
Dassault - Falcon 900	2	41
Fokker - F27	2	37
Cessna - 680 Citation Sovereign	2	27
Dassault - Falcon 20	2	26
Aerospatiale/Alenia - ATR-42-300	1	19
Hawker - Raytheon 850XP	1	13
Bombardier - Learjet 60	1	11
Bombardier - Learjet 36A	1	8
Embraer - 505 Phenom 300E	1	8
Corby - CJ-1 Starlet	1	6
Piper - PA-42-1000	1	5
Piper - PA-46-350P	1	2
Total	27,556	5,671,656

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2019**

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 Industrie - A-320	22,858	1,639,484
Boeing - B737-300	890	57,528
Boeing - B777-200	28	8,329
Airbus Industrie - A-321	73	6,896
Boeing - B787-9 Dreamliner	22	5,534
Boeing - B737-400	40	2,586
Boeing - B777-300ER	6	2,109
Boeing - B737-800	19	1,490
Rockwell - Aero Commander 500	23	1,487
Fokker - F-70	9	376
Boeing - B747-400	1	268
Boeing - B737-200	2	145
Bombardier - BD-700 Global Express	3	128
Gulfstream Aerospace - G-5	1	41
Total	23,975	1,726,400

(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)
De Havilland Canada - Dash 8 Q300	17,194	335,356
Aerospatiale/Alenia - ATR-72-200	10,899	249,873
SAAB - Saab 340	1,487	19,145
Cessna - 208 Grand Caravan	2,575	10,220
Convair - CV-580 Convair	379	9,188
Fairchild - SW-4B	1,074	7,811
Beechcraft - 300 Super King Air	380	2,586
Beechcraft - 200 Super King Air	207	1,181
British Aerospace - Jetstream 32	102	750
Fokker - F-27	33	614
Beechcraft - 90 King Air	84	391
Beechcraft - 350 Super King Air	49	374
Cessna - 510 Citation Mustang	72	282
Cessna - 680 Citation Sovereign	18	247
Cessna - 421 Golden Eagle	32	117
Aerospatiale/Alenia - ATR-72-600	4	92
British Aerospace - Jetstream 32	9	66
McDonnell Douglas - DC-3 Dakota	5	61
Cessna - 441 Conquest 2	11	49
Fairchild - SW-4A	6	44
Dassault - Falcon 900	2	41
Aero Commander - Turbo Commander 690	7	33
Piper - PA-42-1000	5	25
Piper - PA-31 Navajo	7	23
Aerospatiale/Alenia - ATR-72-500	1	23
Aerospatiale/Alenia - ATR-42-300	1	19
Pilatus - PC-12 Eagle	3	14
Aerospatiale - AS-350B	1	3
Total	34,647	638,630

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2019**

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)
Air passenger service aircraft less than 3 tonnes MCTOW	2,131	6,375
Freight aircraft	882	206,914
Military and diplomatic aircraft	33	3,139
Other aircraft (including General Aviation)	958	13,409

(iv) The total number and MCTOW of landings during the disclosure year

	Total number of landings	Total MCTOW (tonnes)
Total	90,182	8,266,524

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
International air passenger service movements	54,485	–	2,365	56,850
Domestic jet air passenger service movements	46,763	1,889	–	48,652

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

16c: Passenger statistics

	Domestic	International	Total
The total number of passengers during disclosure year			
Inbound passengers†	4,843,293	5,789,989	10,633,282
Outbound passengers†	4,750,332	5,727,999	10,478,331
Total (gross figure)	9,593,625	11,517,988	21,111,613
less estimated number of transfer and transit passengers		1,011,328	1,011,328
Total (net figure)			20,100,285

† 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
Air New Zealand	Air New Zealand
Jetstar Airways	Air Caledonie International
Air Nelson	Air Tahiti Nui
Mount Cook Airlines	Air Vanuatu
Barrier Air	Cathay Pacific Airways
Air Chathams	China Airlines
Fly My Sky	China Southern Airlines
	Emirates Airlines
	Fiji Airways
	Hawaiian Airlines
	Jetstar Airways
	Korean Air
	LATAM
	Malaysia Airlines
	Qantas Airways
	Singapore Airlines
	Thai Airways International
	Virgin Australia Airlines
	China Eastern Airlines
	Philippine Airlines

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2019**

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 3)

ref *Version 5.0*

178 **Airline statistics (cont)**

179	Domestic	International
180		Air China
181		AirAsia X
182		American Airlines
183		United Airlines
184		Hong Kong Airlines
185		Tianjin Airlines
186		Hainan Airlines
187		Qatar Airways
188		Sichuan Airlines
189		Samoa Airways

190 **16e: Human Resource Statistics**

191		Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Total
192	Number of full-time equivalent employees	254.5	147.6	6.7	408.8
193	Human resource costs ($000)				47,286

194 **Commentary concerning the report on associated statistics**

195 Refer Disclosure Commentary Note 16.

196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218

219

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2019**

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	6,311
Net operating charges from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	27,978
Net operating charges from airfield activities relating to international flights	94,628
Net operating charges from specified passenger terminal activities relating to domestic passengers	23,537
Net operating charges from specified passenger terminal activities relating to international passengers	171,126

	Number of passengers
Number of domestic passengers on flights of 3 tonnes or more but less than 30 tonnes MCTOW	2,767,674
Number of domestic passengers on flights of 30 tonnes MCTOW or more	6,770,283
Number of international passengers	**11,517,988**

	Total MCTOW (tonnes)
Total MCTOW of domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	622,260
Total MCTOW of domestic flights of 30 tonnes MCTOW or more	1,732,016
Total MCTOW of international flights	5,902,946

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	2.28	10.14
Average charge from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	4.13	16.15
Average charge from airfield activities relating to international flights	8.21	16.03

	Average charge ($ per domestic passenger)	Average charge ($ per international passenger)
Average charge from specified passenger terminal activities	2.47	14.86

	Average charge ($ per domestic passenger)	Average charge ($ per international passenger)
Average charge from airfield activities and specified passenger terminal activities	6.06	23.07

Commentary on Pricing Statistics

Refer to Disclosure Commentary Note 17.

Auckland International Airport Limited
30 June 2018

SCHEDULE 18: REPORT ON THE FORECAST TOTAL ASSET BASE REVENUE REQUIREMENTS

ref *Version 3.0*

18(i): Forecast Internal Rate of Return

	($000)	Cash flow date	First Day of Pricing Period	Pricing Period Starting Year 30 Jun 18		Pricing Period Starting Year + 1 30 Jun 19		Pricing Period Starting Year + 2 30 Jun 20		Pricing Period Starting Year + 3 30 Jun 21		Pricing Period Starting Year + 4 30 Jun 22		Last Day of Pricing Period
			1 Jul 17	30 Dec 17	2 Feb 18	30 Dec 18	2 Feb 19	31 Dec 19	3 Feb 20	30 Dec 20	2 Feb 21	30 Dec 21	2 Feb 22	30 Jun 22
	Opening RAB		1,244,584											
	Opening carry forward adjustment		82,510											
	Opening investment value		1,162,074											
plus	Forecast total revenue requirement				334,356		350,537		352,322		369,055		387,415	
less	Forecast assets commissioned			(209,141)		(417,167)		(340,771)		(240,596)		(267,534)		
plus	Forecast cash flow from asset disposals			–		–		–		–		–		
less	Forecast operational expenditure			(113,722)		(122,465)		(127,281)		(132,045)		(137,398)		
less	Forecast unlevered tax			(44,611)		(42,744)		(36,093)		(36,836)		(37,580)		
	Forecast closing asset base													2,323,081
	Forecast closing carry forward adjustment													86,084
	Forecast closing investment value													2,236,998
	Forecast net cash flows		(1,162,074)	(367,475)	334,356	(582,376)	350,537	(504,146)	352,322	(409,477)	369,055	(442,513)	387,415	2,236,998
	Forecast post-tax IRR as at 01 July 2017		6.72%											
	NPV check		0.01	ERROR	There is an unreconciled error of $0.01.									

18(ii): Opening carry forward adjustment

	($000)	Forecast closing carry forward from previous price setting event	Opening carry forward adjustments from current price setting event	Total opening carry forward adjustments
	Default revaluation gain/loss adjustment			–
	Risk allocation adjustment			–
	Other carry forward adjustments	86,084	(3,574)	82,510
	Opening carry forward adjustment	86,084	(3,574)	82,510

Please explain each adjustment and how this has been calculated

The opening carry forward adjustment is made up of two parts - "the Pier B adjustment" (-$3.57m) which relates to the recovery of revenue for the Pier B development that was deferred from previous pricing periods, and the "moratorium adjustment" ($86.1m) which accounts for the difference in revaluations for terminal and airfield assets between the start of the pricing moratorium in 2006 and the start of information disclosure regulation in 2010. Further information about these adjustments and how they have been calculated is included in Section 5.2 of Auckland Airport's price setting disclosure.

Provide a summary of any views expressed by substantial customers about the pricing approaches reflected in the opening carry forward adjustment

Auckland Airport discussed both the Pier B adjustment and the moratorium adjustment with substantial customers through the aeronautical pricing consultation. No substantial customers opposed the Pier B adjustment or the intention to recover the deferred revenue in PSE3. Auckland Airport considers that the Pier B adjustment accurately captures the intention of Auckland Airport and airlines at the time prices were set in PSE1, and that this adjustment has airline support. For the moratorium adjustment, Auckland Airport shared its proposed approach to asset valuation with substantial customers through the aeronautical pricing consultation, including our proposal to use the opening and closing carry forward mechanism to disclose the ongoing impact of the moratorium on Auckland Airport's asset values related to aeronautical pricing activities. No airlines raised any concerns about the proposed approach to the carry forward adjustment.

18(iii): Forecast closing carry forward adjustment

	($000)
Moratorium Adjustment	86,084
[description of closing carry forward adjustment]	
Total forecast closing carry forward adjustment	86,084

Please explain each adjustment and how this has been calculated

For the moratorium adjustment, there is a closing carry forward for PSE3 which is equivalent in value to the opening carry forward adjustment. This records the continuing impact of this downward adjustment, to be carried forward in future periods unless the moratorium is unwound.

Explain how the closing investment value provides a good indication of the remaining capital expected to be recovered by the airport in future pricing periods and provide a summary of substantial customer views on any closing carry forward adjustments

The forecast closing investment value for PSE3 reflects the estimated remaining capital as at the end of PSE3 that is intended to be recovered in future pricing periods. It represents the value of Auckland Airport's forecast regulatory asset base as at closing FY22, adjusted through a closing carry forward moratorium adjustment to remove revaluations between 2006 (the start of the moratorium) and 2010 (the start of information disclosure regulation) for airfield and terminal assets. In this way, the forecast closing investment value represents the ongoing impact of the moratorium on asset valuations on the estimated remaining capital as at the end of PSE3. The opening carry forward Pier B adjustment has been fully offset by the end of PSE3. More information about the closing carry forward adjustment is included in Section 5.3 of Auckland Airport's price setting disclosure.

This approach was shared with substantial customers through the aeronautical pricing consultation. No substantial customers expressed any concerns with the closing carry forward adjustment or the pricing approaches reflected in that adjustment.

18(iv): Cash flow timing assumptions

	Airport assumption	Default assumption
Year of most recent annual disclosure (year ended)	30 June 2016	
First day of pricing period	1 July 2017	
Cash flow timing - revenues - days from year end	148	148
Cash flow timing - expenditure - days from year end	182	182

Explanation and evidence if airport assumption is different from default

Auckland Airport has applied the same cash flow timing as the Commission's default assumptions for forecast revenue and expenditure. However, we note that for some assets, the forecast assets commissioning (treated as a cashflow in the IRR calculation) is assumed to occur at the end of FY22. For these assets, the asset commissioning timing differs from the Commission's default assumptions. As part of the price consultation, it was agreed that assets expected to be commissioned before the end of FY22 but near the end of FY22 (primarily relating to the new DTB) would not impact prices in PSE3. In order to ensure that the IRR analysis in these disclosure schedules is consistent with our pricing approach, the value of these assets ($0.625b) has been notionally retained in works under construction and disclosed as part of schedule 18(vii). If the schedule reflected the expected commissioning of these assets in FY22, the forecast balance of works under construction at 30/06/22 would be $0.391b ($0.625b lower than shown in schedule 18(vii)) and the forecast RAB at 30/06/22 would be $2.949b ($0.625b higher than shown in schedule 18(i) and 18(vii)).

Regulated Airport: **Auckland International Airport Limited**
Pricing Period Starting Year Ended: **30 June 2018**

SCHEDULE 18: REPORT ON THE FORECAST TOTAL ASSET BASE REVENUE REQUIREMENTS (cont)

ref *Version 3.0*

18(v): Total Revenue Requirement

Overview of the methodology used to determine the revenue requirement

An overview of the methodology used to determine the revenue requirement is provided at Section 3 of Auckland Airport's price setting disclosure. Further information on the revenue requirement components is included in Section 4, and a description of pricing methodology used by Auckland Airport to set Standard Charges is included at Section 9.

	($000)	Pricing Period Starting Year 30 Jun 18	Pricing Period Starting Year + 1 30 Jun 19	Pricing Period Starting Year + 2 30 Jun 20	Pricing Period Starting Year + 3 30 Jun 21	Pricing Period Starting Year + 4 30 Jun 22
	Forecast revenue for services applicable to the price setting event (excluding forecast assets held for future use revenue)	310,100	324,198	324,002	339,680	357,160
plus	Forecast lease, rental and concession income (not applicable to the price setting event)	24,257	26,338	28,320	29,375	30,254
plus	Forecast other operating revenue (not applicable to the price setting event)	–	–	–	–	–
	Forecast total revenue requirement (excluding assets held for future use revenue)	334,356	350,537	352,322	369,055	387,415
less	Forecast operational expenditure	113,722	122,465	127,281	132,045	137,398
less	Forecast depreciation	52,312	60,725	79,092	91,499	97,647
less	Forecast unlevered tax	44,611	42,744	36,093	36,836	37,580
plus	Forecast revaluations	804	1,234	1,813	1,928	1,879
	Forecast regulatory profit / (loss)	124,514	125,836	111,669	110,604	116,668
	Forecast regulatory investment value	1,342,148	1,595,751	1,913,346	2,125,305	2,287,142
	ROI - comparable to a post tax WACC	9.28%	7.89%	5.84%	5.20%	5.10%

Forecast cost of capital	6.85% to 8.1%
Post-tax WACC at price setting event	6.41%
WACC percentile equivalent for forecast cost of capital (optional)	
WACC percentile equivalent for the post-tax IRR (optional)	

Explain the differences between the post-tax IRR and the forecast cost of capital, and the post-tax WACC at price setting event and the forecast cost of capital (including reasons)

A full description of Auckland Airport's approach to its forecast cost of capital and forecast target return (i.e. post-tax IRR) is provided in Section 4.3 of Auckland Airport's price setting disclosure. This includes an explanation of the differences between our post-tax IRR for all regulated activities of 7.06% and the forecast cost of capital (Section 4.3.2), and an explanation of the differences between the post-tax WACC at price setting event (the Commission's industry wide estimate of 6.41%) and our estimate of Auckland Airport's specific cost of capital of between 6.85% and 8.1% (Section 4.3.1).

It is noted that the ROI calculation does not include any adjustments for the balance of carry forward adjustments and assumes mid-year cash-flows.

Forecast total revenue requirement from airport charges (including assets held for future use revenue)

Forecast total revenue requirement (excluding assets held for future use revenue)	334,356	350,537	352,322	369,055	387,415
Forecast assets held for future use revenue	–	–	–	25,254	26,057
Forecast total revenue requirement (including forecast assets held for future use revenue)	334,356	350,537	352,322	394,309	413,471

Description of any other factors that are considered in determining the forecast total revenue requirement

As explained in Section 4.8, other than the carry-forward adjustments, no "other factors" (as defined in the ID Determination) were considered in determining the forecast total revenue requirement.

We note that the forecast assets held for future use revenue disclosed in line 104 above is the pre-tax revenue associated with the Runway Land Charge (ie the forecast total revenue from "airport charges" associated with assets held for future use).

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Regulated Airport: **Auckland International Airport Limited**
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SCHEDULE 18: REPORT ON THE FORECAST TOTAL ASSET BASE REVENUE REQUIREMENTS (cont 3)

Version 3.0

($000)

18(vi): Opening Regulatory Asset Base

			30 Jun 17
		Regulatory asset base as at 30 June 2016	1,107,225
	less	Forecast depreciation	45,088
	plus	Forecast revaluations	757
	plus	Assets commissioned	192,991
	less	Asset disposals	938
	plus (less)	Forecast adjustment resulting from cost allocation	(10,362)
		Estimate of regulatory asset base at start of price setting event	1,244,584

18(vii): Forecast Asset Base

		for year ended	Pricing Period Starting Year - 1 30 Jun 17	Pricing Period Starting Year 30 Jun 18	Pricing Period Starting Year + 1 30 Jun 19	Pricing Period Starting Year + 2 30 Jun 20	Pricing Period Starting Year + 3 30 Jun 21	Pricing Period Starting Year + 4 30 Jun 22
		Forecast asset base—previous year	1,107,225	1,244,584	1,388,203	1,743,808	2,005,604	2,155,435
	less	Forecast depreciation	45,088	52,312	60,725	79,092	91,499	97,647
	plus	Forecast revaluations	757	804	1,234	1,813	1,928	1,879
	plus	Assets commissioned	192,991	209,141	417,167	340,771	240,596	267,534
	less	Asset disposals	938	14,014	2,069	1,696	1,195	4,119
	plus (less)	Forecast adjustment resulting from cost allocation	- 10,362	–	–	–	–	–
		Forecast asset base	1,244,584	1,388,203	1,743,808	2,005,604	2,155,435	2,323,081

Description and explanation of the depreciation methodology applied

Auckland Airport has forecast depreciation based on the economic life of existing assets, and for new assets based on the average economic life of that asset class (determined with reference to the historical cost weighted depreciation of assets in existence prior to 30 June 2016). Straight line depreciation was used for all airfield and terminal assets. In the case of assets allocated directly to aircraft and freight activities, these assets were depreciated using modified straight line depreciation, which uses the same economic life as the straight line method but involves an adjustment to offset the effect of CPI revaluations over the economic life of the asset. Auckland Airport's approach to depreciation is explained in more detail in Section 4.5 of the price setting disclosure.

18(viii): Forecast Works Under Construction

		Works under construction—previous year	111,785	138,983	235,297	274,927	393,285	690,224
	plus	Capital expenditure	220,189	305,455	456,797	459,129	537,535	587,501
	less	Assets commissioned	192,991	209,141	417,167	340,771	240,596	267,534
		Works under construction	138,983	235,297	274,927	393,285	690,224	1,010,190

18(ix): Assets held for future use cost and base value

		Assets held for future use opening cost—previous year	276,964	300,571	322,738	346,524	370,761	378,015
	plus	Forecast holding costs	23,478	21,048	22,600	22,981	24,109	24,577
	less	Forecast assets held for future use net revenue	(999)	(1,119)	(1,186)	(1,256)	16,854	17,321
	plus	Forecast assets held for future use additions	–	–	–	–	–	–
	less	Forecast assets held for future use disposals	870	–	–	–	–	–
	less	Forecast transfers to works under construction	–	–	–	–	–	–
		Assets held for future use closing cost	300,571	322,738	346,524	370,761	378,015	385,272
		Initial base value	143,852					
	plus	Opening tracking revaluations	13,373					
		Opening base value	157,224	156,274	156,274	156,274	156,274	156,274
	plus	Forecast assets held for future use revaluations	(81)	–	–	–	–	–
	plus	Forecast assets held for future use additions	–	–	–	–	–	–
	less	Forecast assets held for future use disposals	870	–	–	–	–	–
	less	Forecast transfers to works under construction	–	–	–	–	–	–
		Closing base value	156,274	156,274	156,274	156,274	156,274	156,274
		Tracking revaluations	13,292	13,292	13,292	13,292	13,292	13,292

Assumptions and explanations of any assets held for future use revenues

Auckland Airport's forecast assets held for future use revenues are made up of two revenue streams - a Runway Land Charge that is forecast to be levied from FY21 (but which is subject to triggers being met before it is levied) and minor other revenue (primarily associated with minor farming activities that are carried out on land held for future use). A description of the Runway Land Charge is set out at Section 6 of the price setting disclosure, including an explanation of Auckland Airport's rationale for introducing the Runway Land Charge, the triggers that must be met before the charge is levied, and an explanation of the assumptions and justifications of the net revenue associated with this charge.

Consistent with the definitions in the ID Determination, "forecast assets held for future use net revenue" in Schedule 18(ix) represents forecast revenue less tax and less opex. The forecast net revenue disclosed above includes revenue from the Runway Land Charge and other forecast minor revenue associated with assets held for future use. A table separating out these two forecast revenue streams, as well as the forecast opex associated with assets held for future use, is included at Section 6.3 of Auckland Airport's price setting disclosure.

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SCHEDULE 18: REPORT ON THE FORECAST TOTAL ASSET BASE REVENUE REQUIREMENTS (cont 4)

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18(x): Forecast Capital Expenditure

($000) for year ended	Pricing Period Starting Year 30 Jun 18	Pricing Period Starting Year + 1 30 Jun 19	Pricing Period Starting Year + 2 30 Jun 20	Pricing Period Starting Year + 3 30 Jun 21	Pricing Period Starting Year + 4 30 Jun 22	Pricing Period Starting Year + 5 30 Jun 23	Pricing Period Starting Year + 6 30 Jun 24	Pricing Period Starting Year + 7 30 Jun 25	Pricing Period Starting Year + 8 30 Jun 26	Pricing Period Starting Year + 9 30 Jun 27	Total
Capital Expenditure by Category											
Capacity growth	247,551	409,728	422,721	499,410	544,606	591,466	553,308	418,692	449,005	599,403	
Asset replacement and renewal	57,904	47,069	36,408	38,125	42,894	41,514	43,745	44,193	44,610	43,990	
Total capital expenditure	305,455	456,797	459,129	537,535	587,501	632,981	597,053	462,884	493,614	643,393	
Capital Expenditure by Key Capital Expenditure Project											
International Terminal (Check in, Outbound Baggage & Landside Dwell)	11,915	1,129	6,403	36,309	109,960	32,571	–	–	–	–	198,288
International Terminal (Airside Emigration & Dwell)	51,002	20,848	702	–	0	27,946	(0)	0	701	149,258	250,456
International Terminal (Pier and Connections)	78,194	55,066	43,025	0	0	0	0	29,762	63,892	65,519	335,458
International Terminal (Arrivals)	20,163	40,248	41,862	119	15,638	46,770	68,013	49,976	–	–	282,790
Ground Transport Centre / Plaza - Aeronautical elements (Ground Transport Centre / Plaza - Aeronautical elements)	1,138	535	584	15,841	29,198	8,629	3,581	–	–	–	59,506
Integrated Facility (Domestic Jet Facility (Phase 5))	35,854	135,708	138,494	176,562	139,691	47,683	39,134	438	1,568	930	716,063
Existing Domestic Terminal (Extension of Life)	–	11,295	11,814	–	–	5,683	–	–	–	–	28,792
Runway, Taxiway and Aprons (Code F Taxiway, Stands and Aprons)	11,345	6,130	3,004	61,304	120,282	227,835	168,896	–	–	–	598,796
Runway, Taxiway and Aprons (Code B/C/E taxiway, stands and aprons (Phase 5))	5,481	64,100	83,189	94,618	–	34,767	–	–	–	–	282,156
Runway, Taxiway and Aprons (Airfield Utilities)	8,675	18,656	4,711	1,172	1,223	1,270	1,318	2,810	2,924	9,595	52,354
Runway, Taxiway and Aprons (Flexible contingent runway)	–	–	–	–	–	–	–	–	–	–	–
Support Facilities (Business Technology)	5,064	3,577	3,741	3,906	6,017	4,235	4,394	4,564	7,009	4,945	47,452
Support Facilities (Acoustic Mitigation)	1,625	1,694	1,772	1,850	1,931	1,337	1,387	1,441	1,499	1,562	16,099
Support Facilities (AD&D Support Projects)	4,901	6,813	7,126	7,441	7,764	8,066	8,369	8,694	9,044	9,419	77,636
Support Facilities (Airport Emergency Services)	793	10,447	–	–	–	–	4,162	2,306	–	–	17,708
Support Facilities (Marketing Customer Service and Communications)	623	565	591	617	644	669	694	721	750	781	6,652
Support Facilities (Corporate)	1,184	1,150	1,203	1,256	1,310	1,210	1,255	1,304	1,357	1,413	12,641
Airport Campus Utilities (Utilities - Stormwater)	678	2,434	2,300	1,544	716	930	965	1,002	365	–	10,932
Airport Campus Utilities (Utilities - Water & Wastewater)	2,115	6,230	5,975	1,688	1,283	1,959	3,668	2,916	1,893	1,596	29,324
Airport Campus Utilities (Utilities - Power - LV and HV Power)	305	1,449	1,373	3,010	–	–	–	–	–	–	6,137
Airport Surface Access Network (Terminal Roads)	7,507	7,617	9,316	7,323	1,962	4,595	3,758	–	–	–	42,078
Airport Surface Access Network (Arterial and Other Roads)	11,413	18,198	11,008	12,336	27,166	25,130	12,985	4,439	9,795	24,836	157,306
Asset Maintenance (Slab Replacement and Runway Works)	8,666	9,036	9,451	9,869	10,297	9,360	9,712	10,089	10,495	10,931	97,906
Asset Maintenance (Airbridge Refurbishment)	1,517	1,581	1,654	1,727	1,802	1,872	1,942	2,018	2,099	2,186	18,398
Asset Maintenance (Business as Usual)	14,262	11,157	12,120	12,027	11,767	12,549	13,298	14,581	13,943	14,406	130,109
Second Runway incl Utilities (Second Runway incl Utilities)	11,270	18,377	57,190	85,778	95,605	124,045	249,177	325,475	365,941	345,639	1,678,498
	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–	–
Other capital expenditure	9,767.04	2,756.89	520.22	1,236.95	3,247.18	3,868.73	345.52	348.05	339.45	377.10	22,807
Total Capital Expenditure	305,455	456,797	459,129	537,535	587,501	632,981	597,053	462,884	493,614	643,393	5,176,342

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SCHEDULE 18: REPORT ON THE FORECAST TOTAL ASSET BASE REVENUE REQUIREMENTS (cont 6)

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18(xii) Forecast financial incentives

($000)	Pricing Period Starting Year 30 Jun 18	Pricing Period Starting Year + 1 30 Jun 19	Pricing Period Starting Year + 2 30 Jun 20	Pricing Period Starting Year + 3 30 Jun 21	Pricing Period Starting Year + 4 30 Jun 22
Forecast pricing incentives	30	33	35	38	42
Forecast other incentives	5,680	6,440	5,200	5,200	5,200
Forecast total financial incentives	5,710	6,473	5,235	5,238	5,242

18(xiii) Forecast revaluations

	Pricing Period Starting Year - 1 30 Jun 17	Pricing Period Starting Year 30 Jun 18	Pricing Period Starting Year + 1 30 Jun 19	Pricing Period Starting Year + 2 30 Jun 20	Pricing Period Starting Year + 3 30 Jun 21	Pricing Period Starting Year + 4 30 Jun 22
Forecast CPI used to set prices						
Forecast pricing CPI (%)	1.34%	1.32%	1.71%	2.08%	2.05%	2.03%
Asset category revaluation rates (%)						
Land	1.34%	1.32%	1.71%	2.08%	2.05%	2.03%
Sealed Surfaces	1.34%	1.32%	1.71%	2.08%	2.05%	2.03%
Infrastructure and buildings	1.34%	1.32%	1.71%	2.08%	2.05%	2.03%
Vehicles, plant and equipment	1.34%	1.32%	1.71%	2.08%	2.05%	2.03%
Forecast revaluations ($000s)						
Land	340	340	446	553	557	561
Sealed Surfaces	–	1	1	1	1	1
Infrastructure and buildings	414	457	729	1,142	1,286	1,265
Vehicles, plant and equipment	2	6	57	117	84	51
Total forecast revaluations	757	804	1,234	1,813	1,928	1,879
Value of any forecast revaluations not consistent with IMs						

18(xiv) Alternative methodologies with equivalent effect

Description of and explanation for any alternative methodologies with equivalent effect that have been applied and which components they have been applied to (including evidence to support that it is likely to have equivalent effect)

An alternative methodology with equivalent effect has been applied to the restated RAB value of airfield and terminal land in Schedule 24(ii). This restated RAB is also disclosed in Schedule 18(vi) above. This methodology is explained in more detail at Section 13 of Auckland Airport's price setting disclosure, along with evidence to support that it is likely to have equivalent effect.

For the avoidance of doubt, no alternative methodologies have been applied in rolling this restated FY16 value forward to generate the estimate of total regulatory asset base at start of price setting event disclosed in Schedule 18(vi), or the estimate of regulatory asset base (applicable to the price setting event) disclosed in Schedule 19(vi).

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SCHEDULE 18: REPORT ON THE FORECAST TOTAL ASSET BASE REVENUE REQUIREMENTS (cont 5)

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Basis for Cost Allocation

This information is included in the following sections of Auckland Airport's price setting disclosure:
- Information about asset allocation can be found at Section 4.2.2;
- Information about operating cost allocation can be found at Section 4.4.1; and
- A description of the methodology used by Auckland Airport to allocate costs to particular charged services can be found at Section 9.4.

An explanation of where and why disclosures differ from the cost-allocation Input Methodology and/or, where costs are shared between regulated and non-regulated assets, an explanation of the basis for that allocation.

Key Capital Expenditure Projects—Consumer Demands Assessment

This information is included in Auckland Airport's price setting disclosure at Section 7 and Appendix B.

An explanation of how consumer demands have been assessed and incorporated for each reported project and the degree to which consumers agree with project scope, timing and cost.

18(xi) Forecast operational expenditure

($000)	Pricing Period Starting Year 30 Jun 18	Pricing Period Starting Year + 1 30 Jun 19	Pricing Period Starting Year + 2 30 Jun 20	Pricing Period Starting Year + 3 30 Jun 21	Pricing Period Starting Year + 4 30 Jun 22
Corporate overheads	27,204	29,295	30,447	31,587	32,868
Asset management and airport operations	73,027	78,641	81,733	84,793	88,230
Asset maintenance	13,492	14,529	15,100	15,665	16,300
Forecast operational expenditure	113,722	122,465	127,281	132,045	137,398

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SCHEDULE 19: REPORT ON THE FORECAST PRICING ASSET BASE REVENUE REQUIREMENTS

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19(i): Forecast Internal Rate of Return

	($000)	Cash flow date	First Day of Pricing Period	Pricing Period Starting Year 30 Jun 18		Pricing Period Starting Year + 1 30 Jun 19		Pricing Period Starting Year + 2 30 Jun 20		Pricing Period Starting Year + 3 30 Jun 21		Pricing Period Starting Year + 4 30 Jun 22		Last Day of Pricing Period
			1 Jul 17	30 Dec 17	2 Feb 18	30 Dec 18	2 Feb 19	31 Dec 19	3 Feb 20	30 Dec 20	2 Feb 21	30 Dec 21	2 Feb 22	30 Jun 22
	Opening asset base (applicable to price setting)		1,145,635											
	Opening carry forward adjustment		82,510											
	Opening investment value		1,063,125											
plus	Forecast revenue for services applicable to price setting event				310,100		324,198		324,002		339,680		357,160	
less	Forecast assets commissioned			(189,118)		(393,041)		(331,144)		(238,796)		(265,688)		
plus	Forecast cash flow from asset disposals			–		–		–		–		–		
less	Forecast operational expenditure			(105,324)		(112,940)		(117,313)		(121,720)		(126,775)		
less	Forecast unlevered tax			(41,438)		(39,708)		(32,796)		(33,164)		(33,623)		
	Forecast closing asset base													2,189,277
	Forecast closing carry forward adjustment													86,084
	Forecast closing investment value													2,103,194
	Forecast net cash flows		(1,063,125)	(335,879)	310,100	(545,689)	324,198	(481,252)	324,002	(393,679)	339,680	(426,086)	357,160	2,103,194
	Forcast post-tax IRR as at 01 July 2017		6.6204%											
	NPV check		(0.01)	OK										

19(ii): Opening carry forward adjustment

	($000)	Forecast closing carry forward from previous price setting event	Opening carry forward adjustments from current price setting event	Total opening carry forward adjustments
	Default revaluation gain/loss adjustment			–
	Risk allocation adjustment			–
	Other carry forward adjustments	86,084	- 3,574	82,510
	Opening carry forward adjustment	86,084	(3,574)	82,510

Please explain each adjustment and how this has been calculated

The opening carry forward adjustment is made up of two parts - "the Pier B adjustment" (-$3.57m) which relates to the recovery of revenue for the Pier B development that was deferred from previous pricing periods, and the "moratorium adjustment" ($86.1m) which accounts for the difference in revaluations for terminal and airfield assets between the start of the pricing moratorium in 2006 and the start of the information disclosure regulation in 2010. Further information about these adjustments and how they have been calculated is included in Section 5.2 of Auckland Airport's price setting disclosure.

Provide a summary of any views expressed by substantial customers about the pricing approaches reflected in the opening carry forward adjustment

Auckland Airport discussed both the Pier B adjustment and the moratorium adjustment with substantial customers through the aeronautical pricing consultation. No substantial customers opposed the Pier B adjustment or the intention to recover the deferred revenue in PSE3. Auckland Airport considers that the Pier B adjustment accurately captures the intention of Auckland Airport and airlines at the time prices were set in PSE1, and that this adjustment has airline support. For the moratorium adjustment, Auckland Airport shared its proposed approach to asset valuation with substantial customers through the aeronautical pricing consultation, including our proposal to use the opening and closing carry forward mechanism to disclose the ongoing impact of the moratorium on Auckland Airport's asset values related to aeronautical pricing activities. Airline feedback was consistent with this approach and no airlines raised any concerns about the use of the carry forward adjustment.

19(iii): Forecast closing carry forward adjustment

	($000)	Please explain each adjustment and how this has been calculated
Moratorium Adjustment	86,084	For the moratorium adjustment, there is a closing carry forward for PSE3 which is equivalent in value to the opening carry forward adjustment. This records the continuing impact of this downward adjustment, to be carried forward in future periods unless the moratorium is unwound.
[description of closing carry forward adjustment]	-	
[description of closing carry forward adjustment]	-	
[description of closing carry forward adjustment]	-	
Total forecast closing carry forward adjustment	86,084	

Explain how the closing investment value provides a good indication of the remaining capital expected to be recovered by the airport in future pricing periods and provide a summary of substantial customer views on any closing carry forward adjustments

The forecast closing investment value for PSE3 reflects the estimated remaining capital as at the end of PSE3 that is intended to be recovered in future pricing periods. It represents the value of Auckland Airport's regulatory asset base as at closing FY22, adjusted through a closing carry forward moratorium adjustment to remove revaluations between 2006 (the start of the moratorium) and 2010 (the start of information disclosure regulation) for airfield and terminal assets. In this way, the forecast closing investment value represents the ongoing impact of the moratorium on asset valuations on the estimated remaining capital as at the end of PSE3. The opening carry forward Pier B adjustment has been fully offset by the end of PSE3. More information about the closing carry forward adjustment is included in Section 5.3 of Auckland Airport's price setting disclosure.

19(iv): Cash flow timing assumptions

	Airport assumption	Default assumption
Year of most recent annual disclosure (year ended)	30 June 2016	
First day of pricing period	1 July 2017	
Cash flow timing - revenues - days from year end	148	148
Cash flow timing - expenditure - days from year end	182	182

Explanation and evidence if airport assumption is different from default

Auckland Airport has applied the same cash flow timing as the Commission's default assumptions for forecast revenue and expenditure. However, we note that for some assets, the forecast assets commissioning (treated as a cashflow in the IRR calculation) is assumed to occur at the end of FY22. For these assets, the asset commissioning timing differs from the Commission's default assumptions. As part of the price consultation, it was agreed that assets expected to be commissioned before the end of FY22 but near the end of FY22 (primarily relating to the new DTB) would not impact prices in PSE3. In order to ensure that the IRR analysis in these disclosure schedules is consistent with our pricing approach, the value of these assets ($0.625b) has been notionally retained in works under construction and disclosed as part of schedule 18(vii). If the schedule reflected the expected commissioning of these assets in FY22, the forecast balance of works under construction at 30/06/22 would be $0.391b ($0.625b lower than shown in schedule 18(vii)) and the forecast RAB at 30/06/22 would be $2.949b ($0.625b higher than shown in schedule 18(i) and 18(vii)).

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SCHEDULE 19: REPORT ON THE FORECAST PRICING ASSET BASE REVENUE REQUIREMENTS (cont 2)

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19(v): Total Revenue Requirement for Pricing Assets

Overview of the methodology used to determine the revenue requirement for pricing assets

An overview of the methodology used to determine the revenue requirement is provided at Section 3 of Auckland Airport's price setting disclosure. Further information on the revenue requirement components is included in Section 4, and a description of the pricing methodology used by Auckland Airport to set Standard Charges is included at Section 9.

	($000)	Pricing Period Starting Year 30 Jun 18	Pricing Period Starting Year + 1 30 Jun 19	Pricing Period Starting Year + 2 30 Jun 20	Pricing Period Starting Year + 3 30 Jun 21	Pricing Period Starting Year + 4 30 Jun 22
	Forecast revenue from airport activity charges applicable to the price setting event	306,654	320,566	320,172	335,642	352,902
	Forecast lease, rental and concession income (applicable to the price setting event)	3,446	3,633	3,830	4,038	4,259
plus	Forecast other operating revenue (applicable to the price setting event)	–	–	–	–	–
	Forecast pricing revenue for services applicable to the price setting event pricing revenue requirement (excluding assets held for future use revenue)	310,100	324,198	324,002	339,680	357,160
less	Forecast operational expenditure	105,324	112,940	117,313	121,720	126,775
less	Forecast depreciation	48,591	55,755	72,792	84,832	90,940
less	Forecast unlevered tax	41,438	39,708	32,796	33,164	33,623
plus	Forecast revaluations	–	–	–	–	–
	Forecast regulatory profit / (loss)	114,747	115,796	101,101	99,966	105,823
	Forecast regulatory investment value	1,233,739	1,468,842	1,773,467	1,984,282	2,149,243
	ROI - comparable to a post tax WACC	9.30%	7.88%	5.70%	5.04%	4.92%
	Forecast cost of capital	6.85% to 8.1%				

Explain any difference between the post-tax IRR on the pricing asset base and the post-tax IRR on the regulated asset base

A full description of Auckland Airport's approach to its forecast cost of capital and forecast target return (i.e. post-tax IRR) is provided at Section 4.3 of Auckland Airport's price setting disclosure. This includes an explanation of the differences between the post-tax IRR on the pricing asset base and the post-tax IRR on the regulated asset base (Section 4.3.2).

It is noted that the ROI calculation does not include any adjustments for the balance of carry forward adjustments and assumes mid-year cash-flows.

Forecast pricing revenue requirement from airport charges (including assets held for future use charges)

	Forecast pricing revenue requirement (excluding forecast revenue from assets held for future use revenues)	310,100	324,198	324,002	339,680	357,160
	Forecast revenues from assets held for future use charges	–	–	–	25,254	26,057
	Forecast pricing revenue requirement from airport charges (including forecast revenue from assets held for future use charges)	310,100	324,198	324,002	364,935	383,217

Description of any other factors that are considered in determining the forecast total revenue requirement

No "other factors" (as defined in the ID Determination) were considered in determining the forecast total revenue requirement, other than those discussed in Sections 4.1 - 4.7 of Auckland Airport's price setting disclosure.

We note that the forecast assets held for future use revenue disclosed in line 101 above is the pre-tax revenue associated with the Runway Land Charge (ie the forecast total revenue from "airport charges" associated with assets held for future use).

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SCHEDULE 19: REPORT ON THE FORECAST PRICING ASSET BASE REVENUE REQUIREMENTS (cont 3)

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($000)

19(vi): Opening Regulated Asset Base (applicable to price setting)

			30 Jun 17
122		Regulated asset base (applicable to price setting) as at 30 June 2016	1,015,688
123	*less*	Forecast depreciation	41,521
124	*plus*	Forecast revaluations	–
125	*plus*	Assets commissioned	182,693
126	*less*	Asset disposals	863
127	*plus (less)*	Forecast adjustment resulting from cost allocation	(10,362)
128		Estimate of regulated asset base (applicable to price setting) at start of price setting event	1,145,635

19(vii): Forecast Asset Base (applicable to price setting)

				Pricing Period Starting Year - 1	Pricing Period Starting Year	Pricing Period Starting Year + 1	Pricing Period Starting Year + 2	Pricing Period Starting Year + 3	Pricing Period Starting Year + 4
129									
130			*for year ended*	30 Jun 17	30 Jun 18	30 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22
132		Forecast pricing asset base—previous year		1,015,688.12	1,145,635	1,273,251	1,608,679	1,865,463	2,018,269
133	*less*	Forecast depreciation		41,521	48,591	55,755	72,792	84,832	90,940
134	*plus*	Forecast revaluations		–	–	–	–	–	–
135	*plus*	Assets commissioned		182,693	189,118	393,041	331,144	238,796	265,688
136	*less*	Asset disposals		863	12,911	1,858	1,568	1,158	3,740
137	*plus (less)*	Forecast adjustment resulting from cost allocation		(10,362)	–	–	–	–	–
138		Forecast pricing asset base		1,145,635	1,273,251	1,608,679	1,865,463	2,018,269	2,189,277

Description of and explanation for the depreciation methodology applied

Auckland Airport has forecast depreciation based on the economic life of existing assets, and for new assets based on the average economic life of that asset class (determined with reference to the historical cost weighted depreciation of assets in existence prior to 30 June 2016). Straight line depreciation was used for all pricing assets. Auckland Airport's approach to depreciation is explained in more detail in Section 4.5 of the price setting disclosure.

Auckland Airport

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:

Dr Patrick Strange
Director, Chair of the Board

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

27 November 2019