Annual Information Disclosure

Regulatory Performance Summary
For the year ended 30 June 2021

Auckland Airport

Acting Chief Executive's Report

Mary-Liz Tuck
Acting Chief Executive

Nau mai and welcome

The 2021 financial year was the fourth year of Auckland Airport's five-year pricing period from 1 July 2017 to 30 June 2022 (PSE3). The 2021 financial year has been like no other on record for Auckland Airport, but our commitment to doing the best for our country remains steadfast.

International traffic remains extremely low and we have gone further to reset the business to ensure it reflects our new operating environment. This includes continuing to prioritise health and safety, control costs and support our business partners. We recognise that many organisations have a stake in Auckland Airport and our long-term success will be dependent on the stability of our relationships and working closely together on the recovery.

Operational response to facilitate travel safely

An airport is a complicated system with many moving parts. To ensure that travel at the borders was handled as safely and effectively as possible, we have taken a partnership approach with the airport community including airlines, border agencies, essential service providers (retail and food and beverage), government departments and ground operators.

This means Auckland Airport was able to assist the Government in its decision-making around quarantine-free travel with our understanding of the practical needs of international aviation. With our airline partners, other international airports and government agencies on both sides of the Tasman, we helped to design a risk-based quarantine-free travel system to support airlinks between New Zealand and other low-risk countries, that involved Auckland Airport splitting the international terminal into two areas to protect the safety of travelers, airport workers and our community.

This work was a huge achievement for our team, not only in keeping people safe but supporting the recovery in air travel. By 30 June 2021, 316,000 international and transit passengers had passed through the split terminal since quarantine-free travel with Australia went live on 16 April 2021 – still a fraction of pre-pandemic international travel numbers but a sign that we can facilitate safe travel when borders are open.

However, the suspension of travel bubbles and recent lockdowns here in New Zealand serve as a strong reminder that high vaccination rates will be necessary to enable quarantine-free border re-openings and a material recovery of international travel. As New Zealand's vaccination rates increase, in coming months we expect demand for international travel to gradually build during the 2022 calendar year.

We were also encouraged by a strong return of domestic travel in the 2021 financial year, achieving 78% of pre-COVID-19 levels in the final quarter. We continue to take great care in creating protocols that support safe air travel at all alert levels.

Infrastructure development

When COVID-19 emerged our team moved quickly to suspend and preserve work on our capital projects, so these could be restarted when possible.

COVID-19 has provided a unique opportunity - a low-demand environment. This has enabled us to bring forward activities focused on the upgrade and renewal of core infrastructure, to take advantage of reduced air and road traffic and to minimise disruption. In the 2021 financial year we invested:

- $26 million in runway slab replacement and in pavement upgrades to the airfield
- $69 million in upgrades to our core roading network and construction of high-occupancy vehicle lanes along State Highway 20B
- $7 million in upgrades to the airfield fuel network.

With the short-term future of aviation demand uncertain during the pandemic, our people also carried out significant work to reprioritise and reset our aeronautical infrastructure development programme. Our refreshed plan reconfirms our commitment to our key anchor infrastructure projects, but some of these developments remain on hold until the longer-term recovery in aviation has returned, and the future investment profile can be aligned with growth in demand.

We have reconfirmed our priority development: a new purpose-built domestic hub merged into the eastern end of the international terminal, that will provide a much-improved customer experience for travellers. During the 2021 financial year, we consulted with border agencies and airlines to design a development pathway for the $1 billion-plus facility, which is supported by Air New Zealand and the Board of Airline Representatives of New Zealand (BARNZ).

We will take advantage of the current low passenger environment by progressing enabling works in early 2022 to demolish legacy infrastructure east of the international terminal to make way for the development.

Regulatory accounts post a loss

Reflecting a full-year of the impacts of COVID-19, we reported a loss in the regulatory accounts of $5.7 million, partly mitigated by $17.7 million in one-off reversals of some prior period provisions for capex-related losses. With international activity accounting for over 80% of aeronautical income prior to the pandemic, the restrictions at the international border had the largest impact on revenue, with international passenger services revenue down by 85% - or $126 million.

Despite this significant impact on the business, we have supported our customers through these difficult times, providing $12.8 million of relief to airlines from a range of charges due to COVID-19 disruption. These discounts included $9 million in relief from aircraft parking charges.

Recognising the significant reduction in aeronautical activity and the resulting financial risk this placed on the business, Auckland Airport continued its prudent approach to constraining costs, scaling down operating activities and halting capital expenditure to reflect the new operating environment. After $17.7 million in reversals of prior period losses, net FY21 operating expenses fell by 50% compared to the PSE3 pricing forecast.

This resulted in an internal rate of return (IRR) of negative 1.78% for the financial year, with Auckland Airport's four-year IRR for the period to date of PSE3 declining to 4.27%. The overall IRR over PSE3 is expected to continue to decline in its final year as regulated revenue is expected to remain well below forecast while travel restrictions persist.

Airline consultation on PSE4

Our regulatory framework requires us to begin consultation with airlines on new aeronautical pricing for 2023 to 2027 by the end of the 2022 financial year. Because of the devasting impacts of COVID-19 on passenger numbers, airline financial performance, and the extreme uncertainty under current conditions of the 'building blocks' forecasts required to set a five-year price path, we have consulted with airlines and BARNZ on freezing prices at FY22 levels for a period of time.

This would involve splitting PSE4 into two phases. The first phase would be a price-freeze period carrying forward standard charges from FY22. The second phase would be subject to our full aeronautical pricing consultation process, most likely during FY23, and would set a price path for the remainder of PSE4 that delivers a forecast return for the entire five-year period equal to our target return. We are still in discussions with BARNZ and the airlines and expect to confirm by late 2021 / early 2022, either the proposed two-phase pricing period with an initial price-freeze period, or alternatively reverting to our standard 5 year pricing approach with the first price increases taking effect in FY23.

Looking ahead

With New Zealand's path to recovery ahead of us, it is important that Auckland Airport keeps delivering for our country. From safety protocols in the terminals to upgrading our infrastructure, this is the work that will ensure we deliver the strongest long-term prospects for New Zealand while helping to return our business to profitable and sustainable growth.

Auckland Airport's performance is strongly linked to passenger volumes, so our recovery will be greatly influenced by the return of international travel, but we are expecting further volatility in domestic and international aviation markets to continue in the short term.

Auckland Airport's journey through COVID-19 is not over yet, but thanks to the resourcefulness and determination of our people and the ongoing support of our community, customers and investors, we can be confident of the course we have set.

Mary-Liz Tuck
Acting Chief Executive

Responding to the pandemic, and positioning for the recovery

Auckland Airport's aeronautical business in the time of COVID-19

Total passenger numbers were down 58% on the previous year with 6.4 million passengers, well below the 21.1 million passengers in the 2019 financial year. The 2021 financial year had the lowest number of international passengers since 1972, with 0.6 million international passengers including transits passing through the international terminal, a reduction of 95% on pre-pandemic levels.

Domestic passenger numbers were more resilient, with passenger numbers reaching 5.8 million in the 2021 financial year. However, domestic passenger volumes were still well below pre-COVID levels, down by 3.7 million or 39% compared to the 2019 financial year.

While we were pleased by the early launch of quarantine-free travel to Australia and the Cook Islands, unfortunately quarantine free travel was short-lived, ending with Australia in July. In the two and a half months to 30 June 2021, a total of 264,000 passengers travelled to and from Australia and 14,000 passengers travelled to and from the Cook Islands. Passengers were cautious about traveling during this period, with soft demand reaching only 34% of pre-pandemic levels during May and June.

While border restrictions impacted the viability of many international air routes in the 12 months to 30 June 2021, three new trans-Tasman routes were announced while the trans-Tasman bubble was open: Air New Zealand introduced an Auckland to Hobart service and Qantas launched Auckland services to the Gold Coast and Cairns.

Our international network currently connects Auckland Airport and New Zealand to 27 Asia, Pacific and Middle-Eastern cities operated by 14 airlines ensuring that essential travel and cargo flows continue. The cargo capacity and connectivity at Auckland Airport has ensured that essential imports and high-value goods exports have continued to flow in and out of New Zealand. In the 2021 financial year 166,000 tonnes of international cargo passed through Auckland Airport, 88% of New Zealand's airfreight cargo. The Government's international air-freight capacity support scheme has continued to play an important role in connecting New Zealand to its international markets ensuring that airfreight continues to flow and remains viable.

The longer-term recovery

Auckland Airport has been thinking longer term and beyond the airport precinct. Auckland Airport played a leading role, alongside partner airports, airlines and government agencies on both sides of the Tasman, in designing, testing and implementing a quarantine-free travel system that ultimately enabled a safe restart of travel between New Zealand, Australia and the Cook Islands.

We have continued to support the New Zealand Government to prepare for a recovery in international travel as it becomes safe to do so, and worked with our airline partners and tourism industry leaders to develop plans to revive global markets as the recovery continues. This work is vital to maintain the future connectivity of New Zealand's international network, for both the travel market and cargo flows.

Auckland Airport's airline customers remain engaged because Auckland and New Zealand continue to be an attractive destination for international travel. However, clarity and timing of future changes to border settings is vital to support the recovery, and ensure New Zealand is not left behind the rest of the world.

This certainty on borders will provide travellers with choice in airlines, convenient flight routings and affordable airfares. Importantly it will also facilitate New Zealand's air cargo capacity and connectivity, required for high-value exports and essential imports.

FY21 PASSENGER VOLUMES V FY19

Total passengers
6.4m
▼ 14.6m (69%) v FY19

International passengers
602k
▼ 10.9m (95%) v FY19

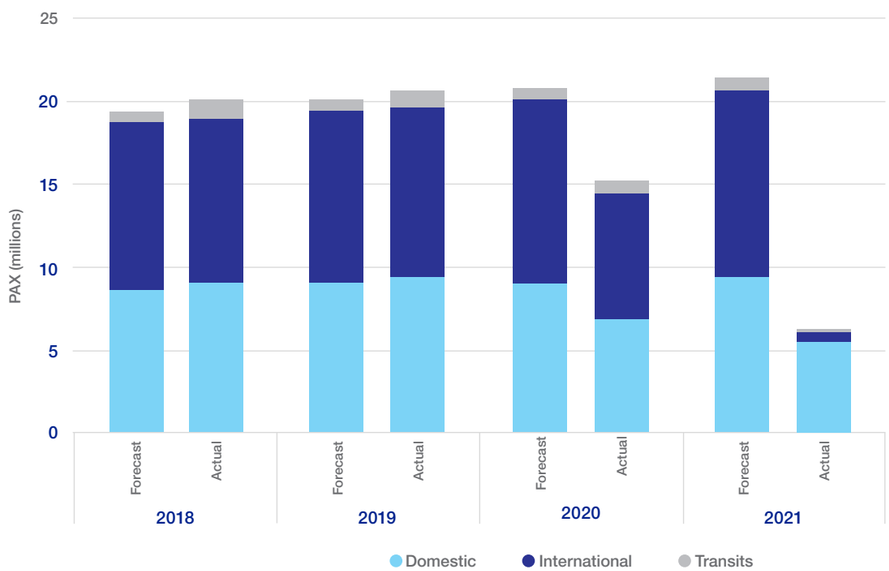
Domestic passengers
5.8m
▼ 3.7m (39%) v FY19

FY21

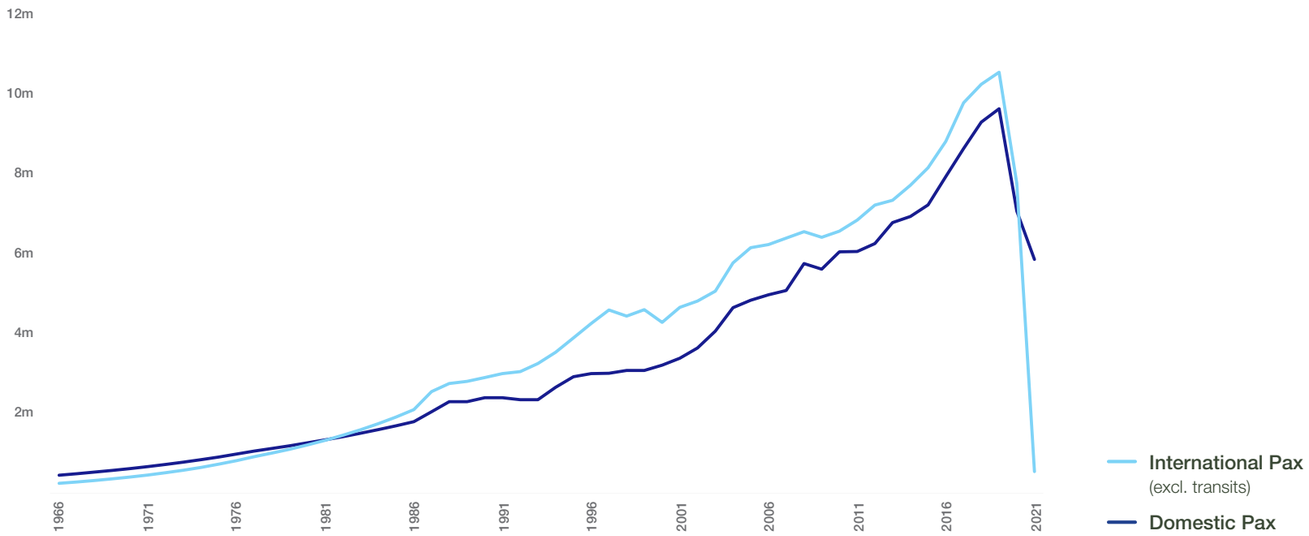
14
international carriers
▼ from 30 in FY19

166,441 tonnes
of international cargo
▼ from 190,905 tonnes in FY19

Passenger movements: actual vs. price setting disclosure



Annual Passenger Volumes – Auckland Airport



Recalibrating our infrastructure programme

FY21 METRICS

Actual capex
$101m

Despite the disruption of the past 18 months, Auckland Airport's goal of delivering a world class experience with consistent, reliable journeys for our travellers remains unchanged. The Auckland Airport Masterplan provides a long-term vision for the development of the airport, and is founded on the fundamental principles of being flexible, resilient, affordable and stageable.

COVID-19 put a pause on years of preparation to deliver billions of dollars of new infrastructure at Auckland Airport. Following the initial shock of the pandemic on our business, our investment plans have responded to the opportunities and risks that have been created. We have continued to invest in projects that can be delivered far more efficiently during the current low-traffic environment. At the same time the long-term infrastructure development programme has been refreshed, and key anchor projects have been reprioritised.

Investment continued to take advantage of the low traffic environment

The pandemic has provided an unexpected window for Auckland Airport to accelerate airfield infrastructure upgrades with fewer flights making it safer, easier and more cost effective to bring forward scheduled projects. Roading projects also continued with minimal disruption while airport traffic volumes were low. Taking advantage of this opportunity in the 2021 financial year we invested:

- $26 million in runway slab replacement and in pavement upgrades to the airfield
- $69 million in upgrades to our core roading network and construction of high-occupancy vehicle lanes along State Highway 20B
- $7 million in upgrades to the airfield fuel network.

Pavement renewal throughout the airfield continued with 365 concrete slabs and over 15,000m^2 of asphalt replaced across the airfield's runway, taxiways and apron. Sections of the runway were replaced in two tranches. The first took place at the eastern touchdown zone, involving the replacement of 280 half-metre-thick slabs of concrete, followed by the replacement of a further 83 identical slabs in the western touchdown zone.

Both the northern and southern road entrances to the airport precinct benefited from significant upgrades that will serve the needs of road users and the Auckland region well into the future. Auckland Airport is currently investing around $160 million in these projects, including upgrades to the inner roading network.

Resetting the investment programme

During the year extensive work was undertaken to reset the long-term aeronautical infrastructure plan to position Auckland Airport strongly for the inevitable recovery in aviation, with development to be staged in line with the aviation sector's recovery.

The new plan was developed in consultation with our airline partners to ensure it properly reflects the reality of a post-pandemic recovery, while serving the needs of airline customers and the travelling public. The refreshed pathway reconfirms our long-term commitment to our eight core anchor infrastructure projects, however the timing of these projects has changed. Four of the eight anchor projects have been put on hold, including:

- the international airfield and taxiway expansion;
- new cargo precinct;
- new international arrivals area; and
- the second runway.

These projects will remain 'on the shelf' until such a time where the aviation industry has recovered and there is more certainty regarding when this infrastructure will be required. Triggering these developments will be determined by the longer-term recovery in aviation and we will align construction with growth in demand.

The four remaining anchor projects will continue to be progressed, ie:

- the $160 million-plus programme of transport upgrades;
- upgrades to the existing domestic terminal;
- the $200 million-plus transport hub; and
- the creation of a new domestic passenger terminal integrated with international services.

It is important to continue to invest in these key projects in preparation for aviation's recovery, given the long lead-time to deliver complex airport infrastructure. The priority development is a new purpose-built domestic hub merged into the eastern end of the international terminal, providing a much-improved customer experience for domestic and transferring travellers.

Continued investment in the existing domestic terminal will enhance capacity, service levels and resilience while the new integrated domestic hub is being built. The programme of road transport upgrades has continued to take advantage of the low traffic environment. The new transport hub will provide car parking, pick up and drop-off, taxis, ride share and public transport access to the new integrated domestic terminal. Planning of these facilities considers how mass transit solutions could be incorporated into the future. The exact timing of investment in these projects will be phased based on the speed of aviation's recovery and construction logistics.

Merging the domestic and international terminal

Auckland Airport has announced plans to begin groundwork for a new purpose-built domestic hub facility to be merged into the eastern end of the existing international terminal and provide seamless connections between domestic and international flights.

During the 2021 financial year, we consulted with border agencies and airlines to design a development pathway for the $1 billion-plus facility, which is supported by Air New Zealand and the Board of Airline Representatives of New Zealand (BARNZ).

We will take advantage of the current low passenger environment by progressing enabling works in early 2022. The first $30 million stage of the project will relocate important back-of-house infrastructure that lies within the footprint of the planned domestic hub. This will include demolishing the eastern baggage hall and relocating key utilities and the airport operations centre. The next major construction phase of the $1 billion-plus domestic hub will be determined by a range of factors including the speed of aviation's recovery.

[1] https://corporate.aucklandairport.co.nz/airport-of-the-future/our-vision

Committed to innovation and operating efficiently and effectively

Auckland Airport is a Port of First Arrival and major infrastructure operator; therefore the health, safety and security of our people, airport workers, customers and visitors to the precinct is our first priority. We have a key role to play in protecting New Zealand and its people from diseases and biosecurity threats, a responsibility reinforced in the 2021 financial year with the ongoing impacts of COVID-19 on our operations, people and customers.

Adapting airport operations

Auckland Airport has been busily fine-tuning our operations at the border, seeking to ensure that new innovations and procedures put in place minimise risk and keep New Zealanders safe.

Auckland Airport's enhanced cleaning standards outline in meticulous detail how terminals should be sanitised. For example, after an international arriving flight has been processed through the Health Management Area and passengers have been bussed to mandatory managed isolation, cleaners thoroughly disinfect every step of the passenger journey, including wiping down walls, rubbish bins, doors, handrails, bathrooms and escalators.

Other protection measures include travellers having access to disinfectant wipes stationed at doors and baggage trolleys, as well as use of hand sanitiser stations. There are 128 sanitiser units in the international terminal alone.

In addition, the Health Management Area operates on an independent network of utilities including heating, ventilation and air conditioning, while a UV filtration system further treats and cleans the air. Auckland Airport is also currently trialling air purifiers inside lifts.

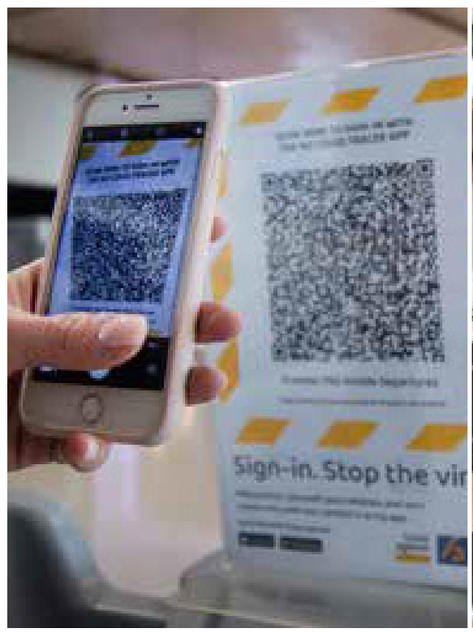
Almost half of Auckland Airport's staff work directly at the border, the front-line of New Zealand's efforts to keep the pandemic out of the country. With those staff required to have regular tests for COVID-19, the airport was quick to recognise the value of reliable, non-invasive testing methods for keeping the community safe.

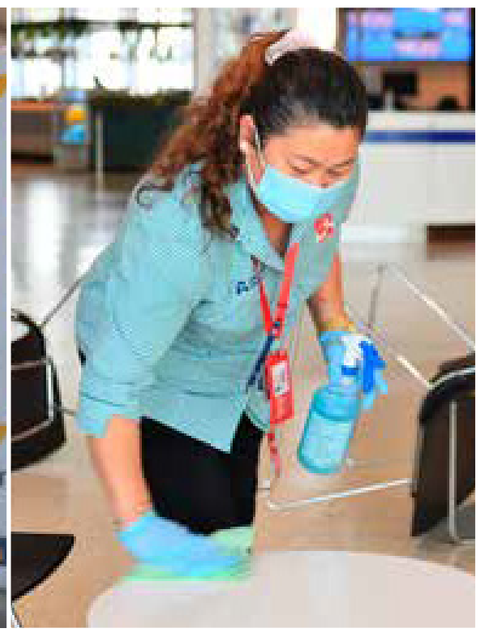
That's why Auckland Airport co-funded New Zealand business Rako Science to trial a fast-turnaround, accurate saliva test, providing a site in the international terminal for airport workers to take part.

Throughout the pandemic, Auckland Airport has followed the Ministry of Health's protocols and guidelines to keep the community safe, and we welcome the Government's recent decision to introduce saliva testing for border workers. Staff who took part in the saliva tests did so on a voluntary basis and the saliva tests did not replace the nasal-swab testing required by the Government's border policies.

Scaling down the business

The strong cost controls that Auckland Airport introduced following the outbreak of COVID-19 continued throughout the 2021 financial year, with core operating expenses reduced significantly in the 12 months to 30 June. Total regulated operating costs of $66 million for the year were half of the $132 million that were forecast when prices were set for PSE3, reflecting a one-off $17.7 reversal of prior period provisions for capex related losses and the significant scaling down of operations in response to the low levels of activity.





FY21 METRICS

Interruptions dropped from

37 to 13

On time departure delays remained less than

0.04%

of total aircraft movements and decreased from 77 to 17.

Availability of material services

> 99.99%

Service	Availability
Runway	99.996%
Taxiway	100.000%
Remote stands and means of embarkation/ disembarkation	100.000%
Contact stands & airbridges	99.994%
Baggage sortation system on departures	100.000%
Baggage reclaim belts	100.000%

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

FY21 OPERATIONAL INITIATIVES

Segregation of international terminal for quarantine free travel

Enhanced cleaning processes to protect against COVID-19

Meeting and exceeding customer expectations

The welcome and farewell experience happens at Auckland Airport for the majority of travellers arriving or departing from New Zealand. We are committed to making journeys better for our guests; listening to and responding to their needs.

New Zealand's early success in keeping COVID out allowed relatively normal operations in the domestic terminal for the majority of the year. Significant effort went to ensure that the terminal was safe to use for journeys within New Zealand. Passenger satisfaction scores improved to 4.2 out of 5, with higher ratings achieved on 13 of the 14 indicators measured.

Protecting New Zealand at the border

As COVID-19 sent much of the world into lockdown, the virus quickly pushed Auckland Airport in new and challenging directions. We recognised early on that we would need to make big changes inside the international terminal in order to safely reconnect families and bring international travellers home.

In 2020, the team at Auckland Airport began to re-imagine how our existing international terminal infrastructure could be repurposed to achieve two goals:

- the separation of incoming travellers potentially carrying COVID-19 into the country, from departing passengers and airport workers, recognising the key role airports play as a first line of defence against the spread of the virus; and
- enabling New Zealand to open its borders to quarantine-free travel with other low-risk countries, helping to reconnect whānau and support New Zealand's economic rebuild, and marking a critical first step in Auckland Airport's recovery.

This involved collaboration with various airport stakeholders that deliver aviation services at Auckland Airport, to overcome the significant operational changes that were required. Stakeholders consulted included government border and health agencies, airline partners, ground handlers, cleaning companies and transport operators.

The team envisaged and delivered a bold solution: the development of two separate and virtually self sufficient international terminals contained within one existing building, including constructing a brand new high-risk arrivals processing area out of a ground-floor international zone previously used for bus operations.

This required a rethinking of every detail of the passenger journey, things like reorganising the layout inside the terminal to prevent high-risk travellers from interacting with low-risk travellers, providing access to food and drink to high-risk travellers transiting through New Zealand; supplying personal protective equipment (PPE) for staff; what to do with baggage; and how to manage physical distancing.

Repeated trials of the twin-terminal model were undertaken, putting 14 flight arrivals through the new process to ensure that it worked. The split terminal went live on 16 April this year, just ahead of the trans-Tasman quarantine-free travel arrangements being put into place.

The eastern side of the international terminal building, including the food court and retail area, formed Zone A: Safe Travel Area and is used by quarantine-free arrivals and all departures. Passengers do not mingle with those arriving from high-risk countries, and their experience of the terminal is very similar to what travellers were familiar with pre-COVID-19.

A second self-contained zone on the international terminal's western side formed Zone B: Health Management Area, a separate, enclosed airport arrivals processing area, with passengers processed by border agencies before being taken to their managed isolation facilities. Auckland Airport has ensured the care and comfort of transit passengers in Zone B, providing them with access to food and essential supplies, and customer welfare checks.

FY21 METICS

traveller ASQ satisfaction of

4.2/5

for domestic passengers

Improved domestic ASQ satisfaction in

13 of 14

categories surveyed

Zone A: Safe Travel Area

Quarantine-free
All green flights

Zone B: Health Management Area

Quarantine (MIQ)
All red flights

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

As New Zealand's largest international airport, we are a key enabler of travel, trade and tourism, boosting the country's economy as well as employment in the Auckland region. As the border re-opens we will play a vital role in helping the economy and community to re-build.

Supporting our local community

Auckland Airport continued to support the local community through a number of programs and initiatives during the 2021 financial year, including:

- Our ongoing support of Ara the Business and Employment Hub operating on the airport precinct. Ara has continued to connect local job seekers with a variety of employment and training opportunities around the wider airport precinct. Ara has held a successful job expo aimed at students under the auspices of the Ara Education Charitable Trust, and has secondary school students honing their construction skills on a house renovation project located on Nixon Road.
- We continued to support the work of Life Education Trust Counties Manukau, a not-for-profit organisation that aims to provide children with the education and support to make good choices and live healthy, happy lives. The partnership with Life Education, which goes back to 1988, saw Auckland Airport contribute $50,000 and continue providing maintenance support for the Trust's mobile classrooms
- Through the Auckland Airport Community Trust, $325,431 was granted in FY21 to a range of community groups and projects. Many of the Trust's grants were to community groups responding directly to the challenge of COVID-19, including responding to increased demand on foodbanks from families experiencing hardship
- The generous donations of travellers through our terminals saw $100,000 redistributed to 12 South Auckland charities through the 12 Days of Christmas grants programme. The work of all the recipient charities aligns with our community focus on empowering people through education, helping people into employment, and protecting the environment
- For 16 years Auckland Airport's Emergency Services (AES) team has been a driving force behind the Leukaemia Blood Cancer NZ's Firefighter Sky Tower Stair Challenge, with Auckland Airport providing $15,000 of sponsorship support and our AES crew fundraising for the cause. Since the first challenge in 2005, members of AES have raised more than $500,000 for the charity by racing the 200m vertical climb via 51 flights of steps, while wearing full firefighting kit
- When COVID-19 meant the temporary closure of our international terminal Strata Lounge, frozen and dry goods to the value of $23,000 were donated to the South Auckland Christian Foodbank
- The cultural and youth performance celebration that is ASB Polyfest was back in full force, with $20,000 of support from Auckland Airport and on-site representation from the Ara Education Charitable Trust.

We provide good value, with fair and reasonable pricing

Auckland Airport strives to provide excellent customer service that is good value at fair and reasonable aeronautical prices.

Our domestic charges remain among the lowest in Australasia. This is due to the age and high utilisation of the current domestic terminal building, and the small contribution of domestic charges toward shared costs. It has been long signalled to airlines that domestic pricing will need to step up significantly following refurbishing the existing domestic terminal building and later completing the $1 billion-plus integrated domestic jet hub. We currently rank approximately mid-way through a group of 26 peer international airports for our international charges.

Airport charges were set in 2017 and were based on pre-COVID-19 forecast aeronautical volumes. Since COVID-19, aeronautical traffic and revenues have fallen dramatically, creating losses and cashflow challenges for both airlines and airports.

Despite this impact on the airport, in recognition of the hardship faced by our customers we have provided financial relief to airlines, including $9 million of aircraft parking relief (free of charge) for planes not in use during the past financial year.

The pandemic is evidence of significant downside risk

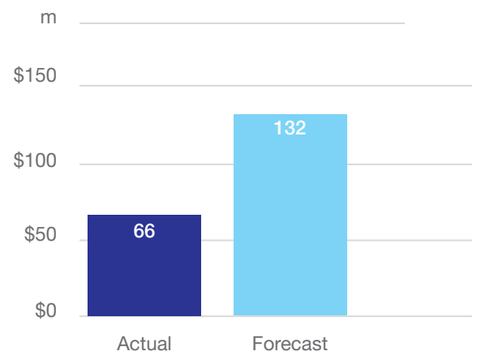
The true risks faced by airports have been demonstrated by the COVID-19 pandemic, especially airports with a greater exposure to international traffic, where the border can slam shut at short notice. As New Zealand's gateway with approximately 75% of all international arrivals passing through Auckland, Auckland Airport is more exposed to this risk than other New Zealand airports.

This demonstrates that a significant proportion of our aeronautical revenue streams can fall to almost zero, with no commensurate upside risk. This can cause significant volatility in aeronautical returns as demonstrated in the 2021 financial year when Auckland Airport's post-tax return was negative 1.78% - well below the pricing forecast of 5.52%. Overall aeronautical returns for the pricing period to date are 4.27%, well below the forecast returns of 7.15%.

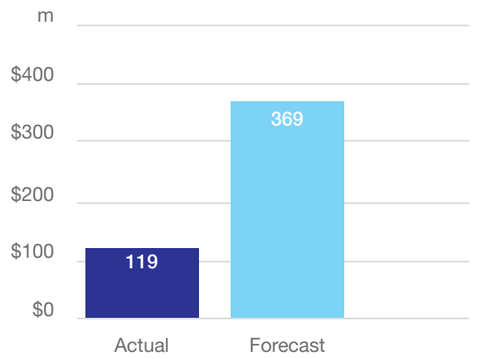
These results reinforce the risks that exist from long-run investment in aeronautical infrastructure. Auckland Airport welcomes the opportunity to engage in further discussion with the Commission on how this downside asymmetric risk should be considered in the future assessments of aeronautical pricing.

Oke Charity was a grant recipient in the Twelve Days of Christmas programme. It provides Kiwi kids the opportunity to learn life and social skills by introducing productive gardens into schools

Total operational expenditure: FY21 actual v forecast



Total regulatory income: FY21 actual v forecast



FY21 METRICS

IRR
-1.78%
v 5.52% PSE3 forecast

PSE to date IRR
4.27%
2.88% on PSE3 forecast

Regulatory loss
$5.7m
$116.3m on PSE3 forecast

Regulatory revenue
$119.9m
$249.3m (67.6%) on PSE3 forecast

OUR GUIDING STAR

We are working for New Zealand. We are committed to growing our country's success in travel, trade and tourism, building a vibrant economic hub that will create enduring value for New Zealand and generations to come.

ECONOMIC CONTRIBUTION OF AUCKLAND AIRPORT

Auckland Airport is an important economic hub for New Zealand. In normal times, direct economic benefits[1] for New Zealand from airport activity are estimated annually at:

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

[1] Insight Economics 25 July 2018. The indirect economic benefits of Auckland Airport to the regions of New Zealand are on top of these estimates.

Auckland Airport

Annual Disclosure Commentaries

30 June 2021

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Executive Summary

Introduction

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

To assist with usability, 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 this disclosure year.

The 2021 financial year is the first year where the impact of the global COVID-19 pandemic endured throughout the entire financial year. These disclosure accounts are the first to reflect the full impact on Auckland International Airport's aeronautical operations from COVID-19.

Global pandemic the cause of significant passenger demand shock

The COVID-19 pandemic, with its subsequent border closures and collapse in travel, delivered a crisis of unprecedented magnitude to the aviation industry and with that, Auckland Airport. Passenger numbers were decimated and with the closure of the border, none more so than international passengers, with numbers decreasing by 92.8% in FY21. This significant reduction means Auckland Airport processed only 602,125 international passengers in FY21 compared to 11,517,988 in FY19. Reflecting this trend, the number of international airlines providing regular schedule passenger services to Auckland Airport decreased from 29 to FY20 to 14 in FY21.

Domestic passenger numbers reached 63.2% of pre-pandemic levels in FY21, as passengers gained confidence to fly, with more relaxed domestic travel restrictions throughout the year.

Agile operational response facilitated travel in a high-risk environment

With the imposition of travel restrictions to mitigate the effects of COVID-19, focus necessarily shifted to operating safely and efficiently within this environment of increased health related risks at the border. These risks were meticulously managed for the safety of passengers, border workers based at the Airport, and to help protect all of Aotearoa from community transmission of COVID-19. To this end, Auckland Airport has worked closely with various government agencies and airport stakeholders to meet government COVID-19 guidelines including changes in alert levels.

To facilitate quarantine free travel in FY21, the international terminal was segregated into two zones, a quarantine-free travel zone and a health management zone. The health management zone was established as a dedicated facility to process international arrivals from non-Safe Travel Zone countries. For those arrivals, passengers were required to enter Managed Isolation Quarantine accommodation. This solution became operational from the time of the first international arrival on Friday 16 April 2021, in-line with the opening of the trans-Tasman bubble enabling quarantine-free travel with safe travel destinations.

New innovations and processes were introduced to make the terminal safer. A trial of UV cleaning on escalator handrails was undertaken. Upgraded UV bulbs were installed in the heating, ventilation, and air conditioning system in the health management zone in the international terminal, to provide longer life and provide cleaning of air in circulation. Enhanced Cleaning Audit processes were

introduced using live flight schedules (both passenger and cargo) being loaded into a digital auditing tool to ensure the right level of cleaning was completed.

To ensure ongoing protection of teams onsite, comprehensive PPE (personal protection equipment) stations were established throughout the International Terminal. All Auckland Airport front-line employees were regularly tested for COVID-19, including trials of COVID-19 saliva-based tests. Space was provided for an on-site testing centre in the international terminal building, and for a vaccination centre for essential airport-based workers.

Despite the additional operational processes in response to the pandemic, lower traffic and volumes enabled significant savings to be found. Total regulated operating costs were $66.2 million for FY21 – half of the PSE3 pricing forecast of $132.0 million. This variance from forecast was driven by lower corporate overheads of $23.2 million (-73.6%), lower spend on asset management and airport operations by $39.3 million (-46.4%), and a $3.3 million variance on asset maintenance spend.

The halving of operating costs in FY21 vs forecast partly mitigated the two thirds reduction in aeronautical revenues. But this included the benefit of a one-off reversal of $17.7million of prior period provisions for construction project write-offs, make good and termination costs. These savings won't be repeated in future years. While the majority of the other spending cuts achieved in FY21 as an emergency response to the two thirds reduction in aeronautical revenues can only be sustained temporarily without compromising operational capacity, regulatory compliance, and strategic progress. Some can be sustained long-term, and this will help to optimise Auckland Airport's expenditure base in future pricing periods.

Capital investment was reprioritised to balance current uncertainty with future need

In response to the shock to demand, the high level of uncertainty for when demand would return, and the adverse impact on the company's ability to service new borrowings to fund capital expenditure, Auckland Airport halted investment in the majority of its capital development programme in FY20. This decision was understood and supported by our airline customers as a necessary and appropriate response given short term capacity surpluses in infrastructure, uncertainty around recovery, and both airlines' and Auckland Airport's fiscal constraints.

Auckland Airport reprioritised its investment during the year to focus on projects that either renew or upgrade core infrastructure assets, taking the opportunity to complete these works with minimal disruption to customers given the low traffic environment. Projects included an accelerated programme of airfield slab and apron renewals, upgrades to the airfield fuel network, airbridge refurbishment at both terminals and upgrades to the domestic terminal fire systems, all improving the resilience of the airport infrastructure for the future.

The reprioritised programme resulted in Auckland Airport investing $101.2 million on regulated aeronautical infrastructure in the year, $436.3 million or 81% below the pricing forecast for the period. The variance was particularly significant in FY21 as four of the eight anchor projects that were forecast to be underway in FY21 were instead on hold.

Considerable time in the year was spent refreshing the infrastructure development pathway to ensure it was appropriate for a post-COVID-19 world. The refreshed plan carefully aligns infrastructure upgrades and additional capacity to the expected recovery in travel, ensuring that infrastructure is built at the right time, to the right level of service and provides value for money for airline customers. Four key elements of the refreshed infrastructure development pathway are:

- $160 million in upgrades to roading and new transit system (Northern Network and SH20B improvements);

- $1 billion-plus new integrated domestic hub;
- approximately $200 million transport hub; and
- $75 million-plus in ongoing upgrades to the existing domestic terminal.

The highest priority development is the reactivation of the programme to integrate domestic jet travel to into international terminal. The first stage of work scheduled for early 2022, at a cost of around $30 million, will include enabling works that are best carried out in the low traffic environment.

The decision to restart development activity on the domestic integration into the international terminal has been publicly supported by both Air New Zealand and BARNZ, with both organisations looking forward to continuing working closely with Auckland Airport to make the integration vision a reality.

The phasing of further works will be determined by a range of factors including the speed of aviation's recovery, to ensure that the investment is delivered at the right time, and in-line with future demand.

Maintaining service quality and resilience amid disrupted operating environment

Despite the disruption and challenges over the past year, the reliability and quality of Auckland Airport's services has remained at high levels for both airlines and their passengers.

During the year taxiways, remote stands, departures baggage systems and baggage reclaim belts were available 100% of the time, while the runway, and contact stands and airbridges experienced very minor interruptions, remaining available for more than 99.99% of the year.

The number of service interruptions has fallen in-line with the reduction in the passenger demand, however longer-run trends importantly show improving resilience as interruptions continue to trend down. Importantly, not only are interruptions fewer, but they were also shorter in duration, reducing the impact on airlines and customers.

Passenger surveys undertaken throughout the year indicated an improvement in the service quality in the domestic terminal, with an average ASQ score of 4.2 out of 5, 0.1 higher than the FY20 average. Compared with the FY20, domestic passenger surveys revealed improved scores on 13 out of the 14 indicators in FY21.

Given the extremely low international passenger volumes, along with the prioritisation of essential activities and COVID-19 operating protocols, as previously advised to the Commission Auckland Airport did not conduct any passenger satisfaction surveys for international passengers in FY21.

Significant drop in revenue drives loss and negative returns in 2021 financial year

Auckland Airport reported a regulatory loss of $5.7m in FY21 with a 67.6% decline in total regulated revenue the key driver of this result. The decrease of $249.3 million from the PSE3 forecast was reflected in all areas of aeronautical revenue, with the passenger service charges down $177.1 million (88.0%), airfield income down $67.1 million (51.2%), check-in revenue down $1.9 million (60.1%), and lease, rental, and concession income also down $1.9 million (6.6%).

The travel restrictions placed on the international border have had the most significant impact on revenue with international activity accounting for over 80% of its aeronautical income prior to the pandemic. International passenger services revenue declined by 85.2% in FY21 or by $126.3 million compared to the year before.

Despite this significant loss of revenue, Auckland Airport has supported aeronautical and non-aeronautical customers, providing $12.8 million of relief to airlines and stakeholders during the year from standard charges due to COVID-19 disruption.

Recognising the significant reduction in aeronautical activity and the resulting financial risk this placed on the business and airline customers, Auckland Airport continued its prudent approach to expenditure, scaling down operating activities and halting capital expenditure to reflect the new operating environment. Operating expenses of $66.1 million were 49.9% lower than forecast for PSE3.

This loss of $5.7 million resulted in a negative internal rate of return of -1.78% for the financial year with Auckland Airport's four-year IRR for the period to date of PSE3 declining to 4.27%. The decline in IRR of 2.88% from forecast was driven primarily by a drop in regulatory income, reducing the IRR by -5.08%. Albeit lower capital spend throughout PSE3 offset some of this impact. The overall IRR over PSE3 is expected to decline yet further in the final year as regulated revenue is expected to remain well below forecast while travel restrictions persist.

Travel restrictions demonstrate the asymmetric risk faced by airports

COVID-19 is unwelcome proof of the risks faced by airports, especially those heavily exposed to international traffic where the border can be used as the first line of defence against global pandemics. As New Zealand's gateway with approximately 75% of all international arrivals passing through Auckland, Auckland Airport is more exposed to this risk than other New Zealand airports, and many of the global airport company data set that is used by the Commerce Commission when assessing the regulated returns of Auckland Airport. Similarly, as the domestic hub for both Air New Zealand and Jetstar, and being located in New Zealand's heavily populated gateway city where imported pandemics are more likely to take hold, Auckland Airport is also more exposed to the risk of domestic border closures than many of the Commission's airport company data set.

The Commission has previously acknowledged the inherent difficulty in determining the appropriate aeronautical return for Auckland Airport. The asymmetric risk to Auckland Airport's operations from the closure of the New Zealand border and domestic travel restrictions to manage the impact of the COVID outbreak has dramatically demonstrated that downside asymmetric risk exists, and it can create significant volatility in aeronautical returns.

Auckland Airport has noted previously that its incentives to invest long-term were finely balanced, due to regulated aeronautical returns being below its weighted average cost of capital (WACC) and the inability of the non-aeronautical component of large future shared till 1 / till 2 investments (e.g. the future integrated domestic jet terminal) to offset these sub-WACC returns.

Auckland Airport welcomes the opportunity to engage in further discussion with the Commission on how downside asymmetric risk can be considered in future assessments of our WACC and target return.

Glossary:

ASQ	Airport Service Quality (a global service quality certification body)
Auckland Airport	Auckland International Airport Limited
BARNZ	Board of Airline Representatives of New Zealand
CAA	Civil Aviation Authority
Commission	The Commerce Commission
CPI	Consumer Price Index
FOD	Foreign Object Debris
FEGP	Fixed Electrical Ground Power
FTE	Full Time Equivalent
GAAP	Generally Accepted Accounting Practice
HOV	High occupancy vehicles
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
OTD	On-time Departure
PAX	Passenger
PSE2	Price Setting Event 2 – FY12-FY17
PSE3	Price Setting Event 3 – FY18-FY22
RAB	Regulatory Asset Base
WACC	Weighted Average Cost of Capital

Section 1: Report on Profitability

Key points:

- Auckland Airport's post-tax IRR for FY21 was negative 1.78%, well below PSE3 forecast of 5.52%
- The IRR for PSE3 to date was 4.27%, 2.88% lower than the 7.15% forecast
- The key driver of this result was a decline in regulatory income, reducing the IRR for PSE3 to date by 5.08%

1.1 Commentary on the internal rate of return

Schedule 1 reports on Auckland Airport's post tax internal rate of return (IRR) on its regulated activities for year ended 30 June 2021 compared to forecast, and for the PSE3 period to date versus the forecast at the time of setting aeronautical charges.

Auckland Airport targeted an average post tax return of 6.62% for all of PSE3 on 'priced aeronautical activities' (for which landing, passenger, check-in and aircraft parking charges are levied on the airlines) and 6.72% for all regulated activities[1].

Travel restrictions imposed to mitigate the spread of the COVID-19 virus have continued to have a material adverse effect on the company. This has been particularly evident for international volumes, which were down by c.95% in the year to 30 June 2021 on 2019 pre-pandemic levels. Domestic passengers recovered to almost 78% of 2019 levels in May 2021. But because of recurring domestic lockdowns, and the lack of international flow-on traffic, averaged 39% down for the financial year.

The reduction in aeronautical activity was the key driver of regulated returns falling substantially, resulting in a negative internal rate of return of -1.78% in the year compared to a forecast of 5.52% for FY21 at the time of setting aeronautical charges.

Figure 1: Monthly PAX as a % of FY19

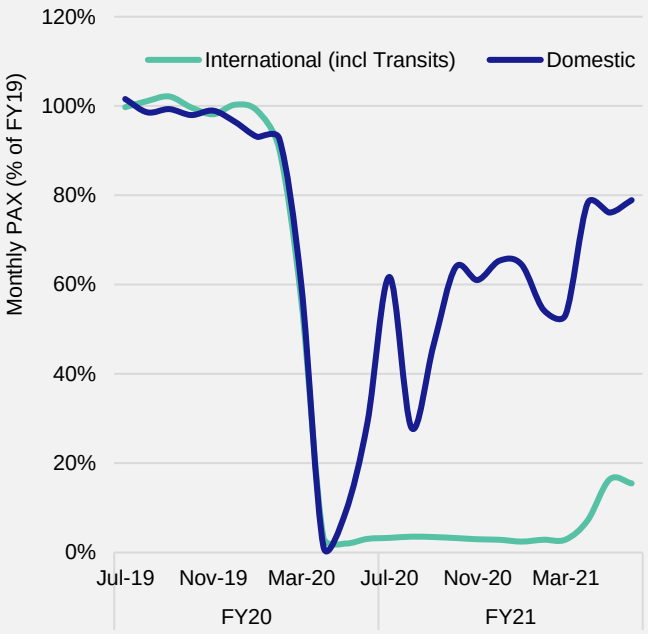


Table 1: Internal rates of return

	2021	PSE3 to date
Actual	(1.78)%	4.27%
Forecast	5.52%	7.15%

[1] Following Auckland Airport's consideration of the Commerce Commission's findings on our PSE3 pricing, on 22 February 2019, Auckland Airport announced a reduction of its aeronautical pricing target return from 6.99% to 6.62%. For further information refer to Schedules 18 and 19 in the FY19 disclosure.

Reflecting this and the loss also incurred in FY20, Auckland Airport's IRR for the four-year period to date of PSE3 declined to 4.27%. This compares to the 7.15% forecast for the same period as part of Auckland Airport's Price Setting Disclosure for PSE3.

Variance analysis

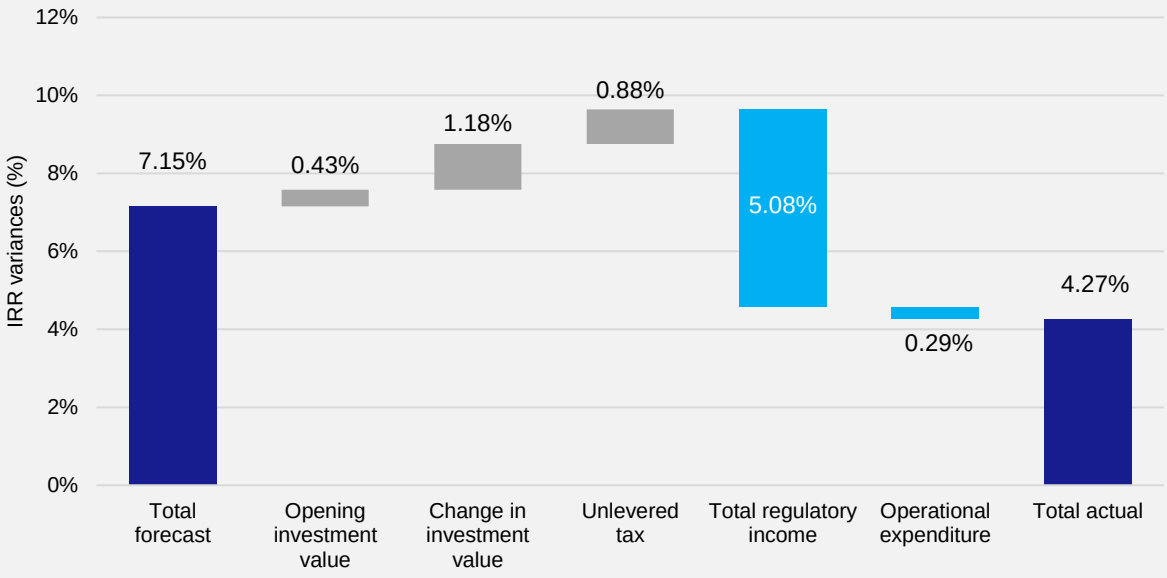
Clause 2.3(8) of the ID Determination requires Auckland Airport to explain any variances from forecast that have a material impact on the period to date IRR. The key drivers over the IRR variance for the first four years of PSE3 are set out in Table 2 below.

Table 2: Key drivers of IRR variance for PSE3 to date

	Actual $m	Forecast $m	Variance $m	Variance %	Impact on IRR
Opening RAB	1,187	1,245	(57)	(4.6)%	0.43%
Change in investment value	274	908	(634)	(69.9)%	1.18%
Regulatory income	1,092	1,406	(314)	(22.4)%	(5.08)%
Operating expenditure	508	496	12	2.5%	(0.29)%
Unlevered tax	114	160	(47)	(29.1)%	0.88%
Net IRR reduction					**(2.88)%**

As outlined in the table above, the 2.88% lower than forecast IRR on Auckland Airport's total regulated activities over the first four years of PSE3 is a direct result of the disruption to the business following the COVID-19 outbreak. The reductions in revenues and aeronautical profit because of the outbreak have far exceeded the IRR benefit from lower than forecast asset investment in the period. This is illustrated in Figure 2 below.

Figure 2: Key drivers of IRR variance for PSE3 to date



The components making up the change in investment value variance in Table 2 above are shown below in Table 3.

Table 3: Components of change in investment value

	Actual $m	Forecast $m	Variance $m
Assets commissioned	526	1,208	(681)
Depreciation	(227)	(284)	57
Revaluations	6	6	0
Asset disposals	(14)	(19)	5
Lost and founds adjustments	(1)	-	(1)
Cost allocation adjustments	(14)	-	(14)
Total	**273**	**908**	**(634)**

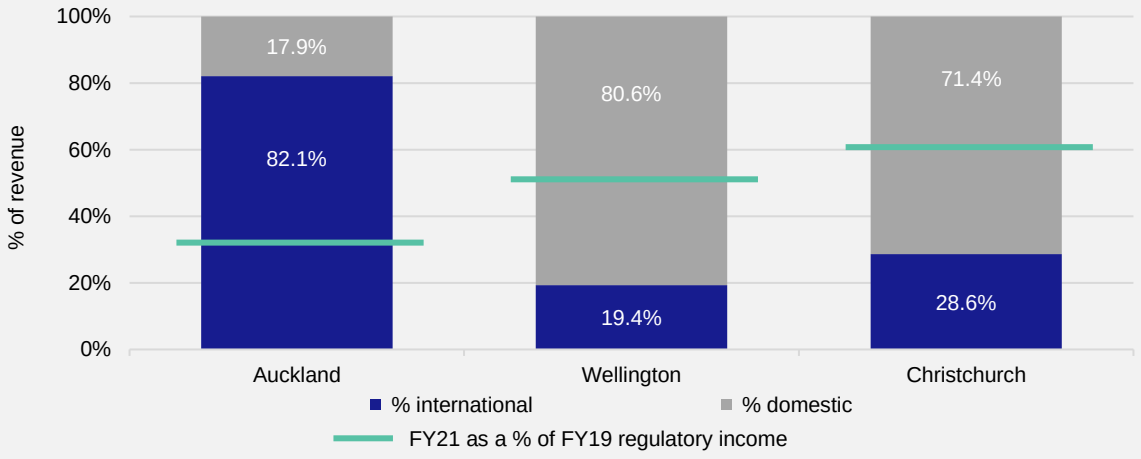
Airport risk

COVID-19 has impacted international travel significantly more than domestic travel, with Auckland Airport more exposed to international traffic than the other regulated New Zealand airports.

During FY19, over 80% of Auckland Airport's aeronautical income came from international activity, contrasting markedly with New Zealand's other regulated airports, Wellington and Christchurch, where 81% and 71% respectively of their aeronautical revenues were derived from domestic activity.

This risk exposure to international traffic has resulted in Auckland Airport's recovery lagging behind its New Zealand peers in FY21, as international border restrictions have continued to remain in place (see Figure 3)[2].

Figure 3: FY19 airfield and specified passenger terminal activities revenue split by international and domestic



[2] Source: Regulatory disclosures. FY21 actual regulatory income for Christchurch is not available and has therefore been estimated based on planes and passengers revenue within Note 1 of its FY21 financial statements

Revaluations

Consistent with prior years, Auckland Airport has chosen not to revalue its aeronautical assets that are used to set aeronautical charges for airlines subject to five-yearly price setting consultations (e.g., passenger, landing, check-in, and aircraft parking charges).[3]

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

Section 2: Regulatory Profit

Key points:

- Auckland Airport posted a regulatory loss of $5.7 million, $116.3 million lower than forecast aeronautical profit at the time of setting prices for PSE3.
- Net operating revenues of $119.7 million were down $249.3 million or 68% on PSE3 forecast
- Operating expenses of $66.1 million were $65.9 million or 49.9% lower than PSE3 forecast
- Regulatory tax allowance was nil reflecting the loss for the year

2.1 Comment on regulatory profit

In FY21, Auckland Airport reported a loss of $5.7 million, $116.3 million lower than the forecast aeronautical profit at the time of setting prices for PSE3. Drivers of this performance include:

- net operating revenues of $119.7 million were down $249.3 million or 67.6% on forecast, reflecting the substantial reduction in passenger volume and aircraft movements. Airfield income (e.g., landing charges) decreased less than the reduction in passenger volumes, as airlines maintained flight movements despite significantly lower passenger volumes in order to serve strong air cargo demand. Aircraft parking charges were up reflecting longer aircraft layover times;
- check-in revenue was $1.9 million or 60.1% lower than forecast as a result of lower number of airlines using check-in counters owing to reduced flight schedules;
- lease, rental and concession income in FY21 of $27.4 million was $1.9 million below forecast, reflecting the impact of closure of Auckland Airport's Strata Lounge following the drop in international passenger numbers and rent relief provided to aeronautical tenants in response to COVID-19 outbreak, which was partly offset by the effect of new property leases and rental reviews in the period to date;
- operating expenses of $66.1 million were $65.9 million or 49.9% lower than forecast reflecting the one-off reversal of $17.7 million of prior period provisions for construction project write-offs, make good and termination costs as well as the substantially scaling down of airport activities in response to lower passenger volumes. The operational savings were primarily achieved in marketing, promotions & PR, personnel costs, cleaning, and utilities. However additional operating costs were incurred as a result of responding to COVID-19 pandemic including for health and safety equipment and working on the New Zealand Safe Borders project;
- regulatory depreciation was down $30.2 million in FY21 on forecast reflecting delayed capex and assets commissioning compared to that contemplated at the time of setting prices for PSE3, particularly terminal assets; and
- regulatory tax allowance of $0 was $36.8 million lower than forecast at the time of pricing reflecting the regulatory loss before tax in the period.

Table 4: Key un-forecast costs FY21

	Actual
COVID-19 response driven one-off costs	$0.9m
Impairments	$0.9m
Reversal of FY20 provisions for contract termination	-$17.7m

Refer to Sections 4 and 6 for further information.

2.2 Financial incentives

The significant disruption to the aeronautical industry arising from COVID-19 has impacted many of Auckland Airport's customers and businesses that operate on the airport precinct. Auckland Airport has assisted aeronautical and non-aeronautical customers by providing $12.8 million of relief during the year. This relief was provided from aircraft parking charges, and for tenancies in the terminal that were largely unoccupied during periods of low passenger activity.

2.3 Justification for merger and acquisition expenses

There were no merger and acquisition expenses in FY21 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 $17.7 million reversal of prior year one-off operating costs associated with the termination, make good and write-off of capital works in progress that were either abandoned or suspended. These expenses / reversals are not tax deductible / assessable.

Other temporary adjustments – current period

These relate to expenditure accruals and provisions made at year-end for estimated expenses that are not deductible for tax purposes (until actually incurred) including:

- employee related provisions ($2.7 million) for employee leave, redundancy, ACC levies, fringe benefit tax and staff incentives; and
- other accruals and provisions ($4.0 million) including doubtful debts ($2.5 million).

These provisions will reverse during the year and be replaced with actual incurred deductible expenditure. The provisions are partially offset by fixed asset timing differences of $0.3 million, related to the disposal of fixed assets and consultation costs for acoustic treatment.

Other temporary adjustments – prior period

The prior period temporary adjustments reverse last year's current period temporary adjustments, i.e., employee related provisions ($5.4 million) and other accruals and provisions ($8.4 million) including expected credit losses of ($5.7 million).

3.2 Regulatory tax asset value of additions

During FY21 $56.1 million of regulatory assets were added to the tax register. This is lower than the $58.7 million of assets added to the RAB. The difference is because holding costs equal to the target return must be capitalised to the RAB, but not the tax fixed assets register.

3.3 Regulatory tax asset value of assets transferred

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

3.4 Regulatory taxable income (loss)

Auckland Airport made a regulatory taxable loss of $40.8 million for the 2021 financial year. As the regulatory disclosures adopt a tax payable approach (per the IM determinations), there is no tax payable, and the regulatory tax expense is nil. This loss will be carried forward to offset tax on future regulatory taxable profits.

Section 4: Regulatory Asset Base Roll Forward

4.1 RAB value - previous disclosure year

Restated asset values

Table 5 provides an overview of Auckland Airport's approach to asset values and revaluations in the RAB.

Table 5: Restated asset values and revaluations

Segment	Land assets		Non-land assets	
	Base value	Revaluations included in RAB?	Base value	Revaluations included in RAB?
Airfield	2010 per hectare MVAU values	No	2009 disclosed value (or cost at commissioning)	No
Terminal	2010 per hectare MVAU values	No	2009 disclosed value (or cost at commissioning)	No
Aircraft and Freight	2010 per hectare MVAU values	Yes - 2011 MVAU revaluation and indexed at CPI since 2011	2009 disclosed value (or cost at commissioning)	Yes (CPI)
Land held for future use	2009 MVAU Value	Yes – revaluation included to bring land value to 2010 MVAU values (consistent with RAB). 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 can result in capital expenditure projects later being split into both aeronautical and non-aeronautical assets. These splits can result in assets being transferred into or out of the unallocated RAB as well as 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 $2.2 million unallocated RAB increase 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 decreases the RAB by $0.9 million.

The $19.8 million adjustment relating to cost allocation in row 41 reflects a reduced percentage allocation to the RAB per this year's updated allocation rules (and a higher allocation to non-aeronautical activities) versus the prior year. Table 6 outlines the key allocation changes that are driving this difference. These asset allocation reductions do not reflect new or amended allocation rules, but rather the impact of lower passenger numbers resulting in a lower aeronautical asset allocation.

Table 6: Cost allocation changes

Allocation rule	FY21 RAB allocation	FY20 RAB allocation	Variance (%)	Variance ($m of OBV)
ITB Core	70%	72%	(2%)	($9.4m)
Water	24%	46%	(22%)	($4.8m)
Wastewater	26%	46%	(20%)	($3.0m)
ITB Space	74%	75%	(1%)	($1.2m)
Electricity	16%	18%	(2%)	($1.0m)
Company-wide	74%	75%	(1%)	($0.7m)
Other allocation changes				$0.3m
Total changes in opening book value relating to asset allocation				**($19.8m)**

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 FY21 are indexed revaluations for assets directly allocated to Aircraft and Freight activities. These activities are "non-priced", i.e., they're not subject to the 5-yearly aero pricing consultation cycle required for "priced" passenger, landing, aircraft parking and check-in charges, etc.

CPI revaluations of 3.44% were booked in FY21 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 FY21, consistent with Auckland Airport's decision to continue its moratorium on asset revaluations for pricing purposes over PSE3.

4.4 Assets held for future use

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

4.5 Works under construction

In FY21, there was an $8.2 million adjustment in works under construction relating to an updated aeronautical allocation for the MPI arrivals expansion projects. This corrects a prior period under-allocation error for FY20.

Write-offs of $0.4 million were subtracted from works under construction relating to projects that have been abandoned due to COVID-19.

Section 5: Related Party Transactions

5.1 Transactions with related parties

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

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

No guarantees have been given or received.

5.2 Auckland Council and its subsidiaries

Auckland Council is a significant shareholder of Auckland Airport, with a shareholding in excess of 18%. Payments to Auckland Council and its subsidiaries in relation to the airport business during FY21 were:

- rates of $2.3 million (2020: $2.6 million);
- compliance, consent costs and other local government regulatory obligations of $0.04 million (2020: $0.2 million);
- AIM Services – grounds maintenance costs of $1.4 million (2020: $1.4 million); and
- Watercare – water, wastewater, and compliance services costs of $0.6 million (2020: $1.6 million).

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 FY21, maintenance and occupancy costs of $0.03 million (2020: $0.02 million) 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 transfers are shown in Schedule 5. The transfers were not material in FY21.

5.5 Fulton Hogan

A director of Auckland Airport is also a director of Fulton Hogan. In FY21 Auckland Airport incurred costs relating to engineering services / works provided by Fulton Hogan, totalling $4.6 million in relation to the Airport Business (2020: $16.6 million). The current year costs are included in 'works under construction' and are therefore not included in the 'assets acquired from a related party' amount disclosed in Schedule 4.

5.6 Associate and joint venture entities

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

Section 6: Actual to Forecast Expenditure

Key points:

- Operating expenses of $66.1 million were $65.9 million or 49.9% lower than PSE3 forecast
- This reflected reversal of some provisions for project write-offs, and a significant scaling down of operations in response to lower aeronautical activity
- Operational expenditure per passenger was higher than forecast, as economies of scale were lost due to the downward passenger volume shock
- Auckland Airport invested $101 million on regulated aeronautical infrastructure in FY21, $436 million below the pricing forecast reflecting the post-pandemic investment plan

6.1 Operating expenditure

Airports are asset intensive business with high proportion of fixed costs that make it difficult to fully offset material short term revenue reductions with operating cost savings. While fixed costs can be reduced in the long-term, Auckland Airport has had to carefully scale down operations recognising the need to retain capability for the future COVID-recovery given the speed to which markets have been seen to recover when restrictions on travel are removed.

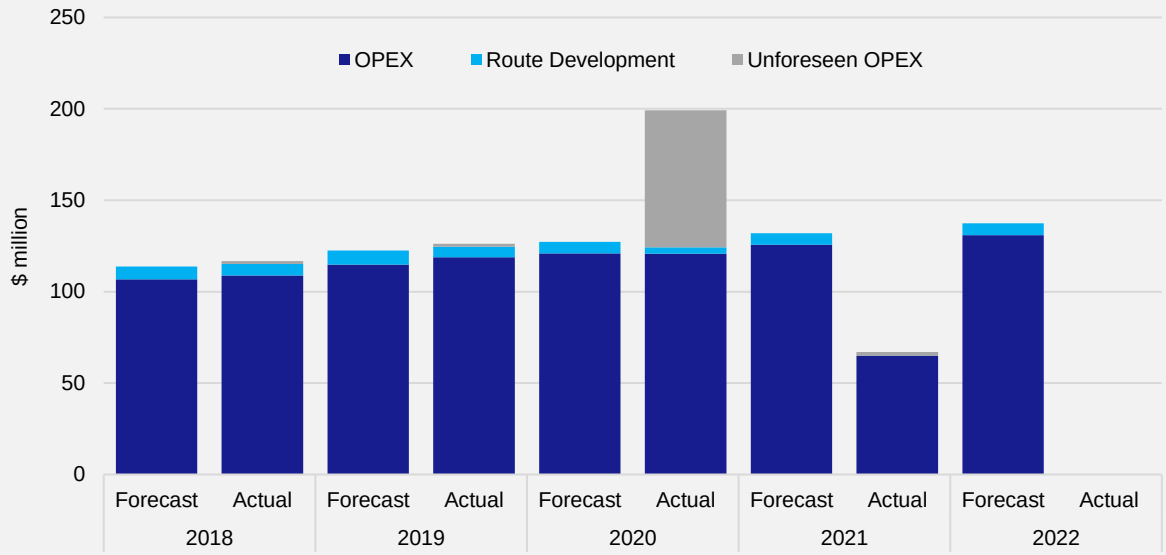
Albeit many of the cost savings realised in FY21 are of a short-term nature that will reverse as activity levels recover towards pre-COVID levels, there are some permanent efficiencies that will help optimise Auckland Airport's operational expenditure going forward.

In FY21, total regulated operating costs of $66.1 million were $65.9 million (49.9%) below the pricing forecast, reflecting the reversal of some prior period provisions for construction project write-offs, make good and termination costs and a significant scaling down of operations in response to lower aeronautical activity.

For the pricing period to date, regulated operating costs were $507.6 million, $12.1 million (2.5%) above the pricing forecast of $495.5 million. This largely reflects the final amount of unforeseen COVID-related costs incurred in FY20 and FY21 including project termination, make good, write-offs losses and redundancies (net of $17.7 reversals of prior period provisions in FY21).

Figure 4 below provides a timeseries view of forecast and actual regulated operating costs.

Figure 4: Operating costs – Actual vs Price Setting Disclosure



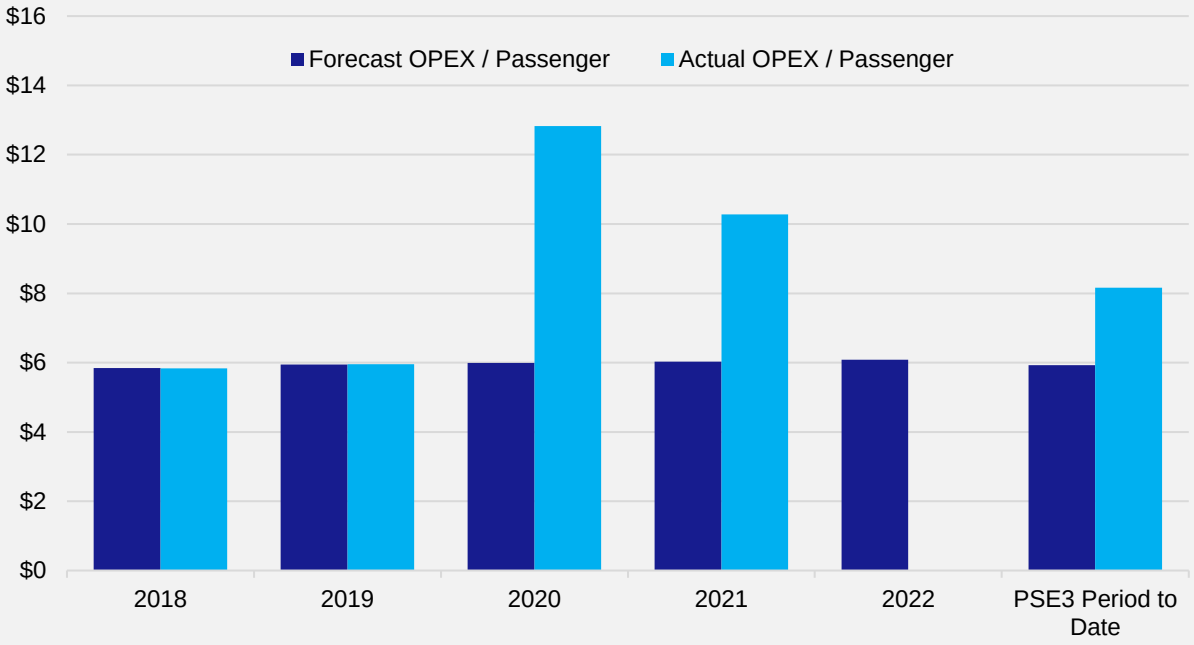
The key elements of the $65.9 million reduction in regulated operating costs in the current year were:

- $10.8 million reduction in personnel costs due to lower headcount from scaling down of airport operations and capital projects;
- $9.3 million reduction in aeronautical business development activities which were halted due to international travel restrictions;
- $5.4 million reduction in asset management fees as a result of lower bussing and security requirements, reflecting the reduced passenger activity and reduced Strata Lounge patronage;
- $5.0 million reduction in variable utilities cost driven by lower than forecast consumption, as a result of lower foot traffic in the passenger terminals;
- $17.8 million reversal of provisions from FY20, mainly due to the successful conclusion of construction contract termination negotiations in FY21, primarily in the Asset Management & Airport Operations category;
- $17.6 million of other cost reductions. Material items include savings of $3.1 million staff related costs such as training and travel, $4.1 million due to suspension of discretionary consultancy and legal expenditure, $4 million in cleaning due to lower passenger activity, partly offset by $0.9 million of additional impairments and $0.9 million one-off COVID-19 response costs.

The substantial reduction in passengers during the year has created material diseconomies due to the fixed cost nature of airport operations, which has resulted in higher opex per passenger than was forecast despite the large one-off opex reversal benefitting this metric in FY21 (Figure 5).

Operational expenditure per passenger was $10.26, well above the PSE3 forecast of $6.03, as economies of scale were lost due to the downward passenger volume shock. However, opex per passenger was lower than FY20 ($12.83) when we felt the full force of the one-off costs incurred at the onset of the pandemic.

Figure 5: Operating costs per passenger



6.2 Capital expenditure

COVID-19 has fundamentally disrupted investment

Following the outbreak of the COVID-19 pandemic, Auckland Airport responded to the significant reduction in aeronautical activity by halting its multi-billion-dollar capital development programme. The decision to suspend the programme was understood and supported by airline customers, as a necessary and appropriate response given short term capacity surpluses in infrastructure, uncertainty around the short-term aviation recovery, and both airlines' and Auckland Airport's fiscal constraints.

Despite its currently challenged financial position, and with the support of its lenders, Auckland Airport has decided to take advantage of the low-demand environment created by COVID-19 to bring forward activities focused on the upgrade and renewal of core infrastructure. Taking advantage of reduced air and road traffic and to minimise disruption, in FY21 the capital programme was refocused on the upgrade and renewal of key infrastructure assets. These projects have included an accelerated programme of airfield slab and apron renewals, upgrades to the airfield fuel network, airbridge refurbishment at both terminals and upgrades to the domestic terminal fire systems.

Recognising the uncertainty around future aeronautical demand, Auckland Airport also carried out significant work in the year on the reprioritisation and reset our infrastructure development programme. The refreshed programme reconfirms the airport's commitment to key anchor infrastructure projects but restarting some of these developments will be determined by the longer-term recovery in aviation, where construction will be aligned with growth in demand.

Capital expenditure – variance analysis

Auckland Airport invested $101 million on regulated aeronautical infrastructure in FY21, $436 million or 81% below the pricing forecast. For the four-year period of PSE3 to 30 June 2021, regulated capital investment totalled $656 million, 63% or $1,103 million below the pricing forecast. The PSE3 period to date capital expenditure variance to forecast by programme is shown in Figure 6 below:

Figure 6: PSE3 period to date capital expenditure versus forecast

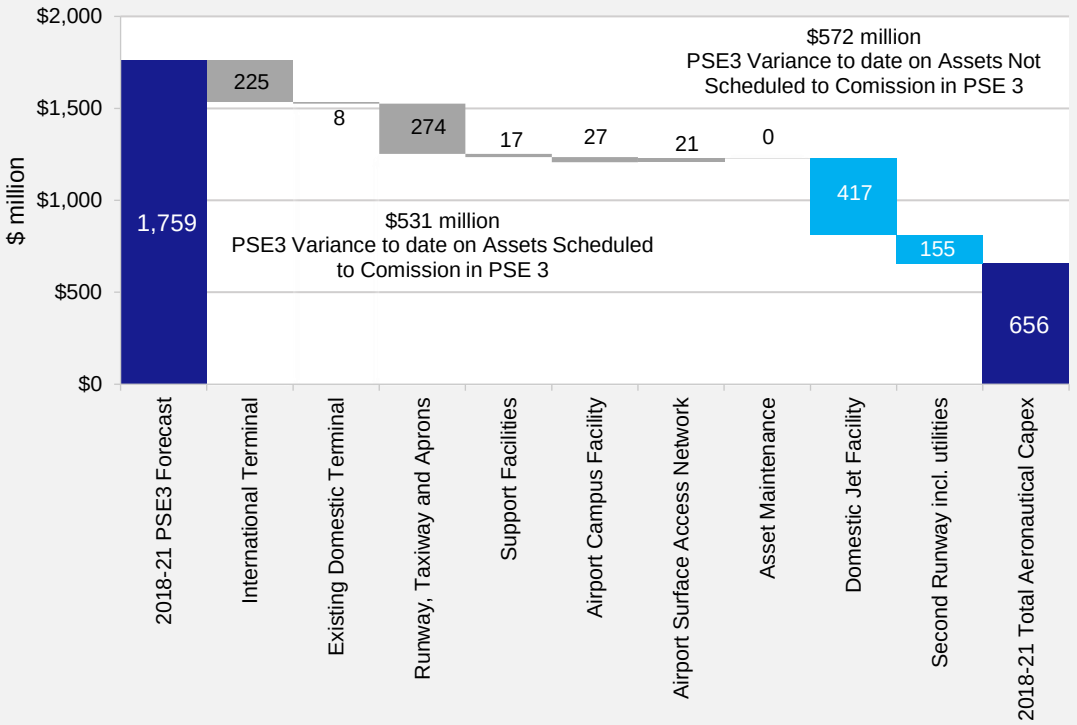


Table 7 provides explanations of material programme variances (greater than $20 million) in Schedule 18 of the PSE3 Price Setting Disclosure. This represents 98% of the total variance in FY21 and 94% of the FY18-FY21 variance. The projects which were not forecast to commission in PSE3 (and hence did not impact aeronautical prices) are marked with an asterisk after the title in the following capex variance analysis section. Note that figures in brackets in Table 7 denote underspend.

Table 7: Capital projects – variance analysis to PSE3 Price Setting Disclosure

Capital Project	Commentary
International Terminal	
International Terminal (Arrivals)	
PSE3 actual to date: $8,410k *PSE3 variance to date:* $(93,983)k *FY21 variance:* $(72)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** Ground was broken to commence the arrivals project in the first half of FY20, with major construction scheduled to commence in the fourth quarter of FY20. Due to COVID-19, the project was halted and remains suspended until such time project triggers are met.
International Terminal (Airside Emigration & Dwell)	
PSE3 actual to date: $111,804k *PSE3 variance to date:* $39,252k *FY21 variance:* $(871)k	**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 (i.e., commissioning after PSE3) which was forecast to commence in FY22 but has now been deferred. **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 international terminal and a 36,000m^2 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.
International Terminal (Check in, Outbound Baggage & Landside Dwell)	
PSE3 actual to date: $14,477k *PSE3 variance to date:* $(41,280)k *FY21 variance:* $(34,483)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. Auckland Airport had planned to expand the check-in area into the current MPI arrivals area towards the end of PSE3. However, the timing of this project is dependent on the delivery of the Arrivals programme of works which was suspended because of COVID-19. **Progress in PSE3** To date in PSE3 Auckland Airport has undertaken several front and back of house improvement initiatives. Front of house improvements included the deployment of 60 additional check-in kiosks, progressing the design phase for implementation of automated bag drops and undertaking proof of concept trials for using a passenger biometric token (i.e., facial recognition). Back of house initiatives included the upgrade of 2 existing baggage system laterals with 2 higher capacity carrousel units and technology to detect and prevent unauthorised access to the baggage system from the check-in area. Due to COVID-19, the project was halted and remains suspended until such time project triggers are met. Auckland Airport continues to work closely with CAA on all developments related to passenger and baggage scanning and will implement mandated upgrades as required.

Capital Project	Commentary
International Terminal (Pier and Connections)	
PSE3 actual to date: $57,781k	**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.
PSE3 variance to date: $(118,504)k	**Progress in PSE3** To date this programme has delivered the Pier B expansion which delivered two new gated Code F MARS stands (17 & 18). This project was completed ahead of time and below budget.
FY21 variance: $(167)k	In FY19-21, 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, due to the impact of COVID-19 on international travel neither project is being pursued. Auckland Airport continues to engage with our airline and border agency stakeholders on what capacity upgrades are likely to be required on Pier A and Pier B including dedicated areas for health screening and passenger segregation for quarantine and disembarkation to managed isolation facilities.
Domestic Jet Facility ("DJF") Integrated Facility (Phase 5)*	
PSE3 actual to date: $69,269k	**Project Description and Objectives** The objective of this programme is to provide a staged pathway towards an integrated terminal capable of processing international and domestic passengers.
PSE3 variance to date: $(417,349)k	**Progress in PSE3** As reported in the FY19 and FY20 disclosures, this programme of works was significantly behind the original PSE3 forecasts as agreeing the scope of the DJF programme was proving to be significantly more challenging than anticipated due to the range of stakeholder interests and construction complexity caused by the need to displace existing facilities and address legacy assets. Management had 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.
FY21 variance: $(173,472)k	As reported in last year's disclosure this project was suspended shortly after the imposition of travel restrictions associated with COVID-19. *Revision of the design* COVID-19 provided Auckland Airport an opportunity to revisit the design of the DJH to improve customer outcomes and better align the construction with the recovery in aviation. Significant design and consultation airline with border agency stakeholders occurred through FY21 culminating in an announcement on 9 August 2021 of the concept plans for a new, more tightly integrated facility. Enabling activity for the development of the new facility is planned to commence in FY22, however the timing of the full development is dependent on a sustained recovery in both domestic and international passenger volumes.

Runway, Taxiway and Aprons	
Runway, Taxiway and Aprons (Code F taxiway, stands and aprons) *	
PSE3 actual to date: $54,441k *PSE3 variance to date:* $(27,341)k *FY21 variance:* $(68,446)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 taxi lane infrastructure and the construction of new aprons capable of handling Code F aircraft. **Progress in PSE3** In FY20 the construction of an extension to Taxiways Lima and Mike to Pier B and the development of aprons, stands and taxi lanes to the north of Pier B commenced. Activity on this project has been indefinitely suspended as a result of COVID-19 and will remain suspended until such time as future demand triggers are met.
Runway, Taxiway and Aprons (Code B/C/E taxiway, stands and aprons (Phase 5)	
PSE3 actual to date: $ 59k *PSE3 variance to date:* $(247,330)k *FY21 variance:* $(94,618)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 taxi lane infrastructure and the construction of new aprons capable of handling Code B/C/E aircraft. The largest single project in PSE3 of this programme was the planned construction of 12 fully serviced Code C jet stands, 2 remote stands and associated apron infrastructure. **Progress in PSE3** PSE3 activity to date involved initiating preliminary design work for the new Code B Regional aircraft stands in the vicinity of the current Domestic Terminal. However, as referred to in the FY19 disclosure schedule the additional time required in finalising the detailed design of the DJH has prevented this programme of works progressing as planned. Costs to date of preliminary design for the DJH stands and aprons project are reported in the Domestic Jet Facility (Integrated Facility) programme. As with the Domestic Jet Facility programme, all activity on related airfield stands and aprons has been suspended due to COVID-19. In FY19 the conversion of the former Engineering Services depot into regional aircraft stands was planned to be delivered. The demand trigger for this project was not met following Jetstar's decision to cease regional services.

Airport Surface Access Network (Terminal, Arterial and Other Roads)	
PSE3 actual to date: $105,357k	**Project description and objectives** The aim of this programme is to develop the broader airport precinct access network to cater for growth and improved journey times. Upgrades to the existing network (including new roads, additional high priority lanes and pedestrian linkages). **Progress in PSE3** PSE3 activity to date has primarily involved the delivery of High Occupancy Vehicle (HOV) lanes on State Highway 20B ("SH20B") and significant progress on developing the Northern Transport Network. These two projects will improve access to and from the airport campus from both the north and south and reduce congestion on the airport roading network. The Airport Surface Access Network programme of works was the only one which was not suspended or terminated due to the impacts of COVID-19 and represents the majority of regulated infrastructure development in FY21. The SH20B HOV project was delivered in conjunction with Waka Kotahi and the new HOV lanes became operational in FY21. Minor landscaping works remain left to complete which are scheduled for completion in the first quarter of FY22. In addition, significant progress on the Northern Transport Network occurred in the year with the project scheduled for completion in FY22. The project will deliver capacity upgrades to George Bolt Memorial Drive and the public pick-up and drop off areas through the construction of a new terminal exit road.
PSE3 variance to date: $20,638k	
FY21 variance: $28,037k	
Second Runway including utilities*	
PSE3 actual to date: $17,823k	**Project description and objectives** The aim of this programme is to deliver a step change in airfield capacity and resilience through the development of a second runway parallel to and north of the existing runway. 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. **Progress in PSE3** Prior to the COVID-19 outbreak, the focus of activity was on design, delivery timing and funding decisions, with discussions held with stakeholders on these points. Further development of the second runway has been suspended due to COVID-19.
PSE3 variance to date: $(154,791)k	
FY21 variance: $(83,881)k	

Note: Figures in brackets denote underspend

Section 7: Segmented Information

Specified Passenger Terminal Activities

Revenue from passenger terminal activities was $36.3 million in FY21, a decline of $119.6 million / 76.7% versus FY20, with terminal revenue most impacted by the pandemic, as this revenue is primarily based on passenger volumes.

Operational expenditure related to terminal activities was $44.7 million for the year, down $64.6 million or 59.1% from FY20. This was driven by a number of one-off costs due to the pandemic in FY20, some partly reversed in FY21, and a reduced cost base from lower volumes. This resulted in a regulatory loss of $45.6 million for passenger terminal activities for the year.

Airfield Activities

Revenue from airfield activities was $64.8 million in FY21, a decline of $36.2 million or 35.8% from FY20. The decline on revenue from airfield activities was mitigated by aircraft operating with significantly lower passenger volumes, to facilitate the movement of some passengers through controlled borders, as well as the transport of freight. Operational expenditure of $15.1 million was $68.3 million or 81.9% lower, due to the reduced activity on the airfield. This resulted in a regulatory profit of $28.5 million for airfield activities.

Aircraft and Freight Activities

Aircraft and freight activities generated $17.8 million of revenue in FY21, down by $1.0 million on FY20, a reduction of 5.5%, reflecting this revenue largely derives from lease and rental income. Operating expenses were broadly similar to FY20, decreasing by 1.0%.

Revaluations of $2.8 million were made, an increase of $1.1 million on FY20 revaluations due to higher CPI for the year[4]. This resulted in a regulatory profit of $11.5 million in FY21, up by $3.3 million on FY20. The increase in profit was driven by the higher revaluations, and the zero regulatory tax allowance ($3.2 million in FY20) given no tax was payable given the overall loss for the year.

[4] CPI revaluations are only applied to aircraft and freight assets. Aircraft and Freight and Terminal lease revenues are 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 included in the five-yearly aeronautical pricing consultation process.

Section 8: Consolidation statement

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

8.1 Depreciation

Part of the difference between regulatory and GAAP depreciation is due to a requirement under GAAP, for statutory reporting purposes, to depreciate assets from their commissioning date, resulting in depreciation expenses for part years in relation to new assets. The IMs do not 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.

8.2 Revaluations

The revaluations for the Airport businesses consist of a CPI roll-forward for aircraft and freight assets as at 30 June 2021 - 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 statutory consolidated accounts include land revaluation movements within the property, plant and equipment portfolio ($7.5m decrease) and unregulated investment property ($527.3m increase). No other assets were revalued in the statutory accounts at 30 June 2021. The revaluations in the statutory accounts are not used for regulatory reporting nor setting aeronautical prices.

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

8.3 Tax expense

The regulatory disclosures adopt a tax payable approach (per the IM determinations). Since Auckland Airport has made a regulatory loss in the 2021 financial year, there is no tax payable, and the regulatory tax expense is nil. The GAAP expense includes deferred tax income, arising from the loss, partially offset by normal deferred tax expense related to tax timing differences. The tax loss for the Airport Businesses also includes a notional interest deduction as calculated in Schedule 1(b)(i), whereas the GAAP tax expense reflects actual interest revenue and expenses incurred.

8.4 Property, plant, and equipment

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

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

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

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

During the year ended 30 June 2021, Auckland Airport recognised changes in its previous estimates of write-offs, impairment, and termination costs. The costs had been provided for at 30 June 2020 in relation to the company's decision to terminate or suspend projects in response to COVID-19.

The impact of termination costs and write-offs are included in regulatory profit under 'Airport Businesses', whereas the impact of impairments are excluded from regulatory operating costs on the basis that they are unrealised and may reverse in future for any projects that are ultimately completed and commissioned.

The regulatory impact of termination costs and write-offs in the year ended 30 June 2021 was:

- A reversal of $17.7 million of the previously estimated costs of $51.7 million to terminate contracts for aeronautical projects. The savings reflected successful negotiations with contractors during the year.

Additional impairment costs of $0.9 million, recognised at 30 June 2021, are disclosed as 'regulatory/GAAP adjustments' in Schedule 8 (30 June 2020: $36.2 million). The impairments arise due to the uncertainty about whether all projects will be completed and commissioned to the RAB. The impairments have been excluded from regulatory operating costs on the basis that they are unrealised and may reverse in future for any projects that are completed and commissioned. Accordingly, the projects also remain in works under construction and will only be written-off for regulatory purposes if a decision is made to abandon a project.

Section 9: Asset Allocations

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

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 to the approach of cost allocations from FY20.[5]

Costs directly attributable to airport business decreased to $20.8 million in FY21, an 82.3% or $96.3 million decline compared to FY20. The primary reason for this is a partial reversal ($17.7 million) of provisions made in FY20 for project termination, make good and write-off costs.

Total costs that cannot be directly attributed were $87.3 million in FY21, a decline of 41.8% or $62.7 million in FY21 compared to FY20. These declines reflect the overall cost reductions that have been made in response to the pandemic, and the one-off costs incurred in FY20. Of the $87.3 million in non-attributable costs, 52.0% of these costs ($45.4 million) were allocated to Airport Business, with the remaining $41.9 million allocated to non-regulated activities.

The majority of the movement in directly attributable costs resides in the Asset Management and Airport Operations category. This had the largest proportion of variable costs such as personnel related costs and contracted services (cleaning, management fees, technology costs etc), which is where the savings were found, in addition to the $17.7 million partial reversal of FY20 provisions.

Cost allocation methodology

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

[5] Classifications of operating costs were updated in FY18 to improve comparability to Wellington and Christchurch airports.

(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 are only used to allocate the operating cost of the stormwater and wastewater business unit. This is necessary because operating expenditure is not managed discretely between stormwater and wastewater. Therefore, a weighted average combination of the underlying asset rules is used to allocate the operating costs 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) roadways are apportioned across regulated and non-regulated activities based on the regulatory coding of individual roading assets. Individual roading assets comprising the roading network (e.g., paved areas, curb side and footpaths) have been given regulatory codes, in most cases reflecting the location and primary usage of those assets. Operating 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) second, the allocation rule is calculated based on the product of the charge by business unit and the default rule associated with each business unit (e.g., direct or otherwise).

Section 11: Reliability Measures

11.1 Reliability

Auckland Airport has maintained high service availability during FY21, with minimal interruptions during the year. For the year ended 30 June 2021, the percentage of time that Auckland Airport's material services were available is outlined in Table 8.

Table 8: Service availability for FY21

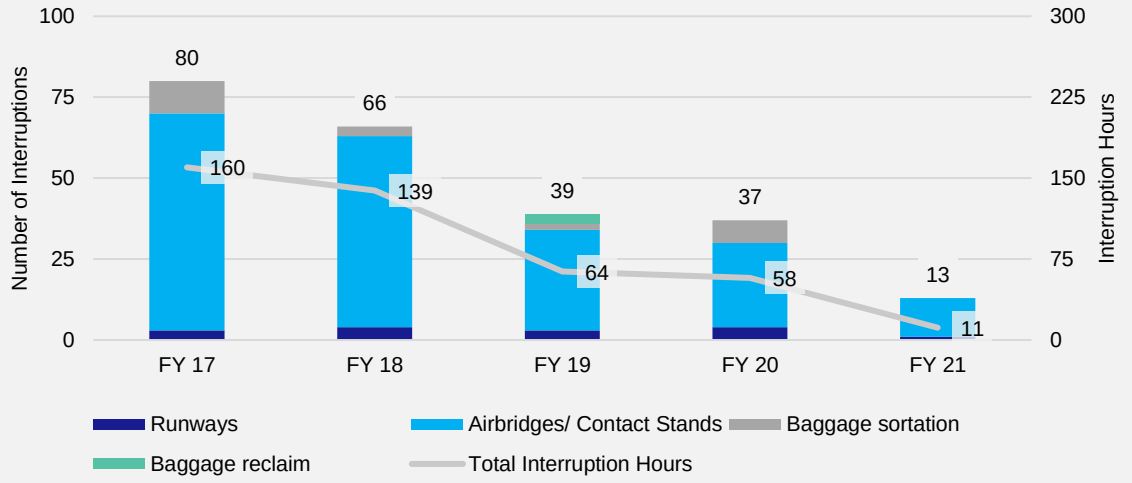
Service availability*	Availability
Runway	99.996%
Taxiway	100.000%
Remote stands and means of embarkation/disembarkation	100.000%
Contact stands and air-bridges	99.994%
Baggage sortation system on departures	100.000%
Baggage reclaim belts	100.000%

11.2 Interruptions

There were 13 reportable interruptions in FY21, down 63% compared with FY20 with the number of interruption hours decreasing 80% over the same period.[6]

The reductions in interruption have a correlation with the reduction in the aeronautical demand since the beginning of the pandemic. Fewer arriving and departing guests and fewer flights allow the use of alternative assets when an asset experiences an unplanned unavailability. However as shown in Figure 7, even prior to the pandemic service interruptions had been trending downward, with the average time per interruption also decreasing over recent years.

Figure 7: Interruption count and duration, FY21



Runway performance

In the 2021 financial year, there was 1 unplanned runway interruption of 19 minutes relating to an incident to remove foreign object debris (FOD) glass from the runway.

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

Table 9: Runway interruptions FY21

Date	Time Closed	Time Open	Duration
3rd June	08:53	08:34	19 min

Auckland Airport is a single runway airport and therefore maintenance is challenging to execute while remaining operational. For this reason, several steps were taken to improve future runway integrity:

- a second 3-hour maintenance closure introduced in October 2019 on Saturday mornings;
- proactive Heavy Weight Deflectometer testing to proactively identify defects under the pavement surface; and
- ongoing improvements to defect mapping and tracking of status of faults to ensure they are reviewed regularly

With a reduction in long haul traffic due to COVID-19 and support from airlines, replacement of concrete slabs in the Runway 23L touchdown zone was accelerated. On 25 May 2020 a displaced threshold was implemented, reducing the runway length. 280 concrete slabs were replaced while flights continued to operate on the shorter runway. The runway returned to full length operations on 17 August 2020.

To further improve runway integrity while the air traffic volumes remained low, AIAL conducted further work at the western end of the runway (05R threshold), including replacement of 81 concrete slabs, with this work being completed by December 2020

Taxiway performance

There were no interruptions relating to taxiways in FY21.

Airways has conducted ongoing airfield lighting cable replacement throughout the financial year as part of ongoing maintenance. At times this has meant temporary taxiway closures and restrictions which were planned with no impact to operations due to alternative pathways provide.

During the runway 23L displaced threshold project (25 May 2020 - 17 August 2020) taxiways A1A, A1, A2 and A3A were closed. While these taxiways were closed, other taxiways were able to be used.

Contact Stand and Air-bridge Performance

There were 12 interruptions causing 7 OTD delays in the year, a 54% and 50% reduction on the prior year. Of these interruptions, Auckland Airport was responsible for 8, causing 4 OTD delays, down by 53% and 56% on the previous year respectively.

The duration of airbridge interruptions totalled 11 hours, down by 40 hours or 78% on the prior year. Auckland Airport was responsible for 8 hours of those interruptions, down by 27 hours or 77% on the last year.

An increase in preventive maintenance combined with lower aeronautical activity resulted in a significant reduction in interruptions to contact stands and air-bridges during the year. To minimise airbridge faults older assets were progressively replaced throughout the year, including a new Airbridge on Stand 1.

Auckland Airport continues to increase the use of non-disruptive methods of condition assessment in its airbridge maintenance programme. Root cause analysis of interruptions identified the need for increased condition assessments to prevent air-bridge outages and to ensure that Auckland Airport continues to deliver high quality services to its customers.

Baggage Sortation

There were no significant interruptions to the baggage sortation system in the 2021 financial year. Any minor interruptions experienced did not meet the threshold of a regulatory interruption. This is partly due to the significant reduction in the volume of bags processed in-line with passenger volumes.

Baggage Reclaim

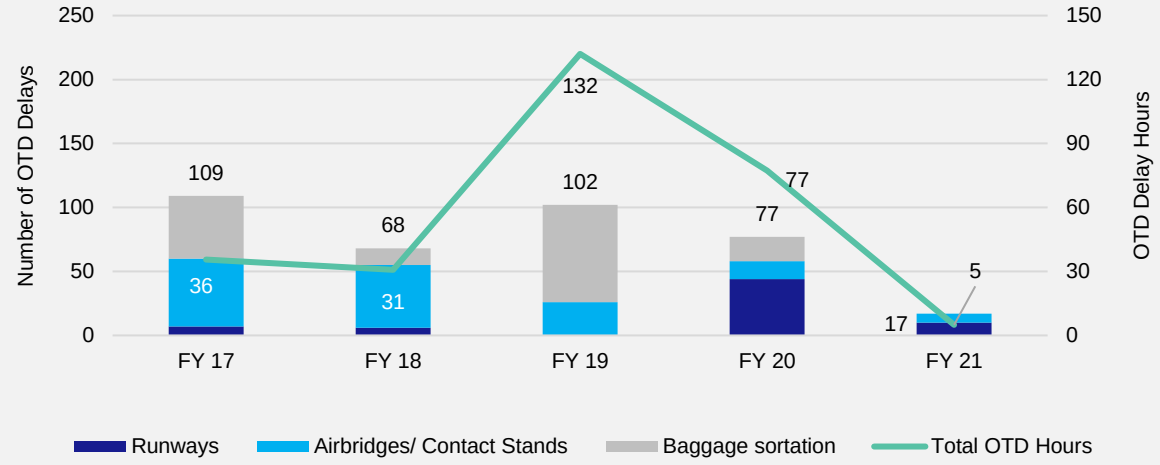
There were no baggage reclaim related interruptions in FY21.

11.3 On-time departure delays

In FY21 there were 17 OTD delays totalling 5 hours, down by 72 hours or 93% on the year before. Auckland Airport was responsible for 4 of these OTD delays representing 1.05 OTD hours in total, accounting for 24% and 21% of the total OTD count and duration respectively.[7]

As with the interruption reporting, the upgrades to the fault management system and the Airport Operation System have improved the accuracy of on-time departure delay information, by making it easier to determine whether a flight was on-schedule or off-schedule.

Figure 8: OTD delay and duration



The runway closure for 19 minutes on the 3rd of June 2021, to remove glass foreign object debris (FOD) from the runway, causing 10 flights to be delayed, and a combined on-time departure delay of 2 hours. The reduction in departure flight numbers meaning alternative contact stands are more frequently available, was a significant contribution to the reduction in overall OTD delays in FY21.

[7] On-time departure (OTD) delays for the purposes of Information Disclosure reporting occur when a scheduled service has been delayed by more than 15 minutes, primarily as a result of an interruption to specified airport services and in particular excludes delays arising from weather or other uncontrollable events or due to faults with airline equipment, including aircraft.

Table 10: OTD count and duration by service, FY21

	Airport responsibility		Airlines / Others responsibility	
Asset category	Flight delay count	OTD hours	Flight delay count	OTD hours
Runway	-	-	10	2
Contact stand / Airbridge	4	1	3	2

The reduction in departure flight numbers meaning alternative contact stands are more frequently available, was a significant contribution to the reduction in overall OTD delays in FY21.

11.4 Fixed electrical ground power units

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

The percentage of time FEGP's were available in the 2021 financial year was 99.876%, a similar result from 99.8% on last year.

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

In the FY21 busy hour there were 31 runway movements, well below declared runway capacity of 45 movements per hour, and lower than the FY20 busy hour of 41 runway movements. Total aircraft movements on the runway busy day were 354, down from 541 on the FY20 busy day. These declines reflect reduced traffic in FY21, where international aircraft movements fell by 66%. Domestic movements were also lower, down 11% in FY21, following a 23% decline in FY20.

Declared runway capacity

The reported runway description in these disclosures is consistent with the description that Auckland Airport also reports in the Aeronautical Information Publication (AIP).

The declared runway capacity remains unchanged for FY21. Under visual meteorological conditions capacity is set at 45 movements per hour. This reduces to 38 movements per hour in instrument meteorological conditions, and to 22 movements per hour in low visibility conditions (when a greater separation is applied).

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

Work continues as part of the airport capacity enhancement forum (ACE) to improve the Calculated Take-Off Time (CTOT) initiative for inbound aircraft from other domestic airports with the support from Airways.

Section 13: Capacity utilisation indicators for specified passenger terminal facilities

Given the significant reduction in passenger volumes in FY21, the utilisation of terminal facilities capacity declined across all measures in FY21. A summary of the capacity utilisation indicators is outlined in Table 11.

Table 11: Capacity utilisation indicators

	Busy hour measure	FY21		FY20	
Outbound passengers		International terminal	Domestic terminal	International terminal	Domestic terminal
Landside circulation	Pax/100m^2	20	74	53	88
Check-in	Pax/100m^2	19	148	49	173
Baggage	% of capacity	34%	48%	69%	56%
Passport control	% of capacity	27%	N/A	71%	N/A
Security screening	% of capacity	43%	73%	113%	84%
Airside circulation	Pax/100m^2	6	55	16	64
Departure lounges	Pax/100m^2	9	43	25	50
Inbound passengers		International terminal	Domestic terminal	International terminal	Domestic terminal
Airside circulation	Pax/100m^2	4	58	17	66
Passport control	% of capacity	29%	N/A	58%	N/A
Landside circulation	Pax/100m^2	32	80	126	92
Baggage reclaim	% of capacity	19%	110%	75%	125%
Biosecurity screening	% of capacity	23%	N/A	89%	N/A
Arrivals concourse	Pax/100m^2	29	513	114	586

These results reflect the relative constraints of the existing domestic terminal building at Auckland Airport. Future infrastructure plans for the integration of domestic jet services into the international terminal will increase capacity to enable future growth and improve passenger experience.

Floor space

There were no significant changes in floorspace during FY21 disclosure year at either the International Terminal or the Domestic Terminal.

13.1 The accuracy of the passenger busy hour

The busy hour and busy day information required to be reported in this Schedule is derived from the arriving and departing aircraft movement and passenger data for the financial year on an hourly basis. Auckland Airport then selects the 30th busiest hour for the financial year to determine the busy hour and day.

13.2 Determining notional capacity

Baggage systems

In 2010, Airbiz was also engaged to estimate the notional capacity of the outbound baggage facilities and the inbound baggage reclaim units for both the international and domestic terminals. Airbiz defined the notional capacity to be the sustainable practical capacity of the baggage system.

Baggage system outbound

The notional capacity of the international outbound baggage facilities has been assessed by ascribing a practical capacity of 17 bags per minute through each x-ray unit.

The notional capacity of the domestic terminal outbound baggage system was assessed by ascribing a practical capacity of 1,000 bags per hour for each of the two units. One of the units is owned and maintained by Auckland Airport, and the other by Air New Zealand.

Baggage reclaim (inbound)

Auckland Airport has seven international baggage reclaim belts, made up of five belts capable of handling up to Code F aircraft and two belts capable of handling up to Code E aircraft.

The notional capacity of the international baggage reclaim facilities is calculated in "bags per hour". This calculation is based on one reclaim unit being occupied by code E aircraft (or smaller) aircraft and five reclaim units being occupied by a code F aircraft, with assumptions made about the number of passengers processed per hour, and the number of bags per passenger.[8] Note that at any single point in time the reclaim capacity can be higher if larger planes than assumed arrive during the hour.

Airbiz used a similar methodology to estimate the notional capacity of the baggage reclaim units in the domestic terminal. Airbiz' notional capacity calculation assumes that a mix of narrow body aircraft and smaller turbo props land in a typical busy hour, and that a narrow body aircraft requires 20 minutes per claim unit and a turboprop aircraft requires 6 minutes per claim unit.

The assumed load factor for both aircraft is 80%. A utilisation factor of 75% is then applied. This gives a notional capacity in passengers per hour of 1,218. Airbiz advised that approximately 70% of domestic passengers travel with checked in baggage and carry an average of 1.1 bags (0.77 bags per passenger). Multiplying this by the notional capacity in passengers per hour gives a notional capacity in bags per hour.

Passport control

Notional capacity for both outbound and inbound passport control were calculated based on the following processing times as confirmed with New Zealand Customs:

- Conventional outbound counter – 30 seconds per passenger processing time plus 5 seconds per passenger allowance to move from queue to counter
- Outbound e-Gates – 20 seconds per passenger processing time plus 5 seconds per passenger allowance to move from queue to gate
- Conventional inbound counter – 55 seconds per passenger processing time plus 5 seconds

[8] The calculation assumes that a typical code E or lower aircraft has 330 seats and a typical code F aircraft has 489 seats. A load factor of 80% is assumed for all aircraft. Code E or lower aircraft are assumed to occupy a reclaim unit for 40 minutes and a code F aircraft is assumed to occupy a reclaim unit for 45 minutes. This capacity is then scaled by an utilisation factor of 75% to account for the fact that not every aircraft arrives on schedule. After the utilisation factor is applied, the notional capacity measured in passengers per hour is 2,159. To convert this to a notional capacity in bags per hour, this needs to be multiplied by the average number of bags carried by each passenger. Multiplying the number of passengers per hour by Auckland Airport's calculated bags per passenger gives the notional capacity in bags per hour.

per passenger allowance to move from queue to counter
- Inbound e-Gates – 20 seconds per passenger processing time plus 5 seconds per passenger allowance to move from queue to gate

Security screening

The notional capacity of security screening during the passenger busy hour for both the international and domestic terminals was based on Aviation Security Services each security unit's processing capacity. The notional capacity was calculated by multiplying the number of units by the unit's processing capacity as per the security screening points.

- Domestic Departures – 270 passengers/hour – 5 stations
- International Departures – 300 passengers/hour – 6 stations
- International Transfer/Transit (Zone A) – 270 passengers/hour – 2 stations
- International Transfer/Transit (Zone B) – 270 passengers/hour – 1 station

Biosecurity screening (inbound)

The notional capacity of biosecurity screening capacity during the passenger busy hour was estimated with reference to an international capacity review completed by Airbiz. This work identified that, consistent with previous capacity studies, that the key pinch point for processing is at the biosecurity risk assessment stage. The per hour capacity identified for risk assessment screening was identified as 2,145 passengers per hour based on current bio-security risks. If the bio-security risk was raised due to a biosecurity event (e.g., fruit fly infestation), this throughput could be significantly reduced.

Section 14: Passenger satisfaction indicators

Key points:

- Passengers rated the domestic terminal highly – with an average ASQ score of 4.2 out of 5 in FY21, 0.1 higher than the FY20 average
- No surveys were undertaken for the international terminal during the year due the impacts of the pandemic on international travel

14.1 Survey methodology

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

Auckland Airport's ability to undertake surveys was impacted by COVID-19, with international surveys suspended for the entire year due to the restricted number of international passengers. Domestic surveys recommenced from 1 October 2020 following the return of passenger activity.

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 reference to the copy of the field work requirements can be found on Auckland Airport's website located at:

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

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

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

The quarterly score disclosed for each question is the weighted average of the responses. While the tables in Schedule 14 state the scores for each quarter, Auckland Airport monitors responses using a four-quarter rolling average which gives a statistically significant result (by contrast the quarterly sample does not). However, in FY21 a three-quarter rolling average has been used for domestic passengers as surveys were not undertaken during the September quarter.

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. In addition, some key indicator scores are sensitive to seasonality reflecting the timing of holidays and passenger volumes which may affect the weighted average scores for FY21.

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 Commission requires us to report on 14 indicators that are specific to the domestic passenger journey and 15 key indicators that are specific to the international passenger journey.

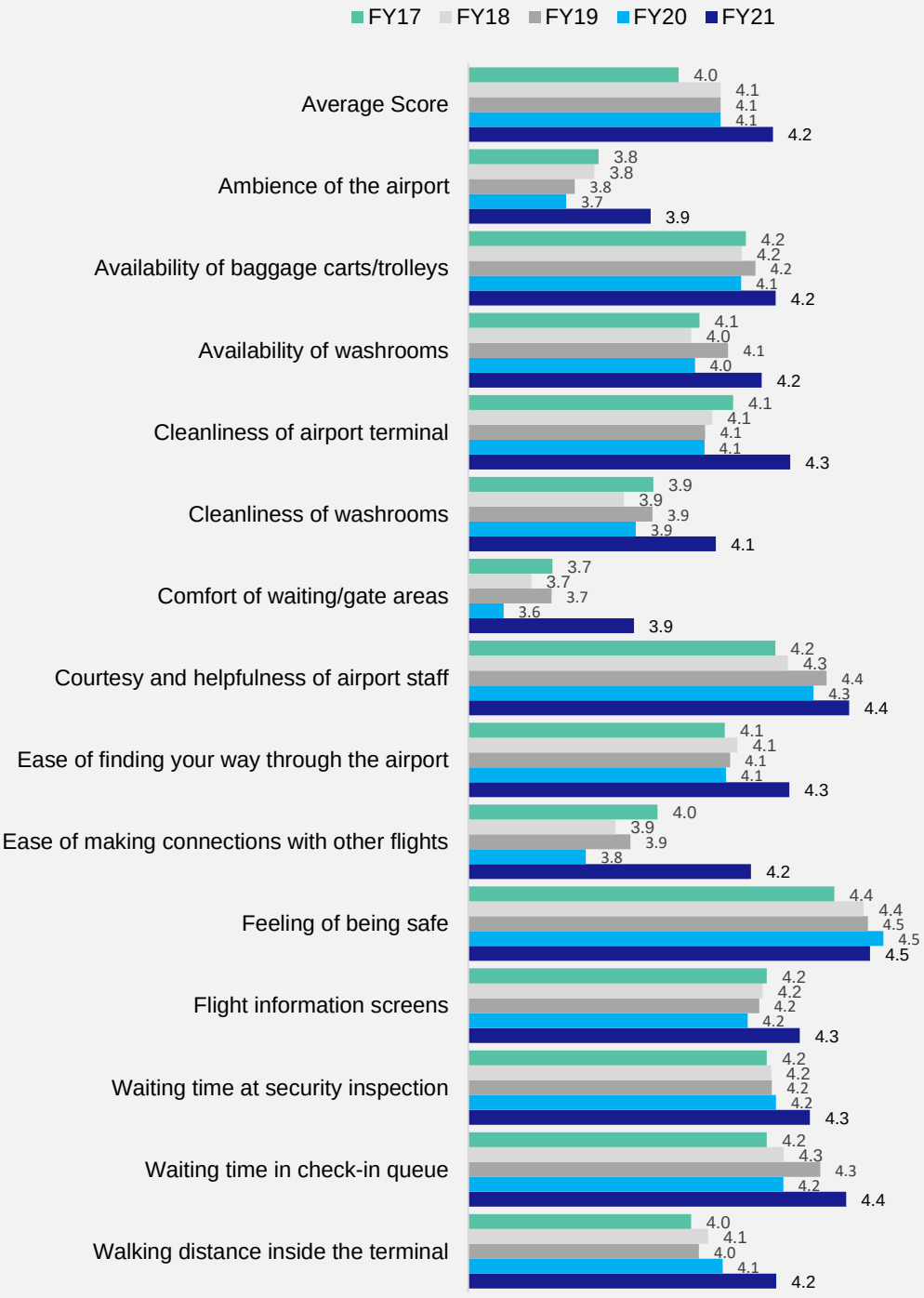
14.2 Domestic terminal surveys

Despite the age of the domestic terminal and the additional health and safety measures implemented due to COVID-19, customers continued to rate the domestic terminal highly – with an average ASQ score of 4.2 out of 5 in FY21, 0.1 higher than the FY20 average.

Compared with the FY20, passenger ratings improved on 13 out of the 14 indicators in FY21. Significant improvement was seen in aesthetic and cleanliness related categories such as ambience of the airport, availability of washrooms, cleanliness of washrooms and airport terminals, as well as

ease of finding way through the airport and making connections with other flights. The categories related to waiting time also showed some improvement. Figure 9 below sets out the Domestic Terminal's 14 regulated indicator scores during PSE3.

Figure 9: Time series of ASQ scores – Domestic Terminal



Benchmarking

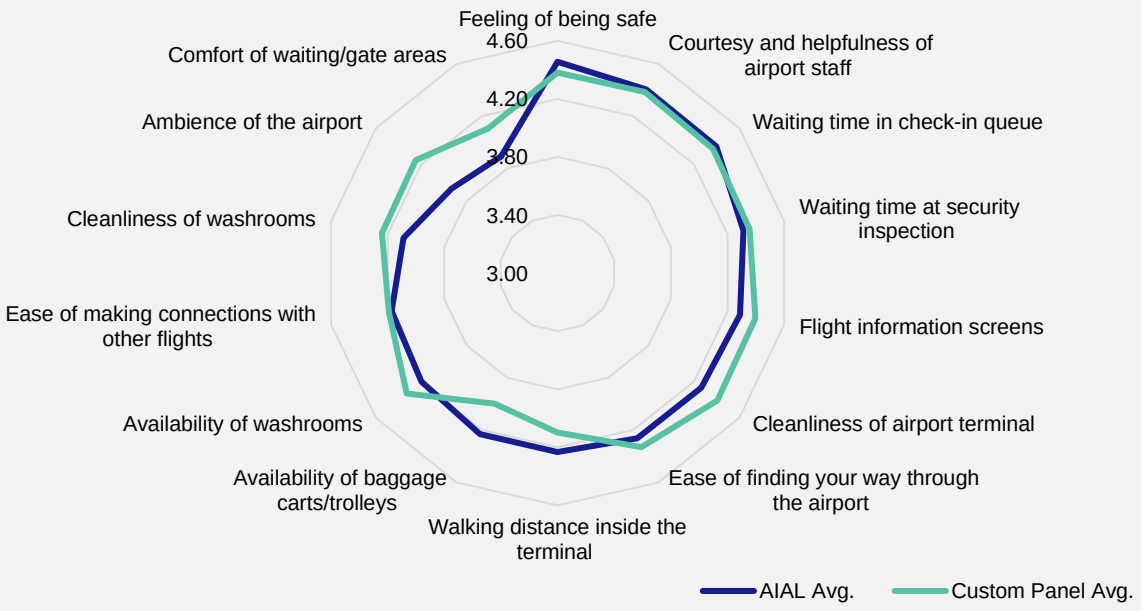
Prior to the COVID-19 pandemic, Auckland Airport was able to compare ASQ scores in the domestic terminal to the score average of our peer group of 22 airports. However, comparison with other airports is problematic during this period due to highly disrupted participation of other airports during the pandemic.

Figure 10 compares average scores of the Auckland Airport domestic terminal with the average scores of the custom panel, however it is not as relevant as previous financial years and less meaningful until participation rates pick up globally to improve the benchmarking exercise.

The average score in the custom panel for the domestic terminal includes 2 relevant airports for the last two quarters of FY21, Christchurch Airport and Sydney Airport. The Domestic Terminal performed relatively well against our benchmarks in FY21 on some important categories, particularly on feeling of being safe, walking distance inside the terminal, and availability of baggage carts/trolleys.

However, the analysis indicates that further work is required on some categories such as comfort of waiting/gate areas, ambience of the airport, cleanliness and availability of washrooms, cleanliness of the airport terminal, and flight information screens.

Figure 10: FY21 benchmarking – Domestic Terminal



Other service quality measures

In addition to the quarterly ASQ surveys, Auckland Airport normally 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. Although the kiosk hardware is still in place, they were not actively used during FY21 post the Alert Level 4 changes earlier in 2020 due to concerns around COVID-19 transmission and the perception of guests not wanting to use touch screens.

Section 15: Operational improvement processes

In FY21 Auckland Airport continued to invest in operational improvement processes to provide enhanced system performance and improve quality services to our customers.

With the imposition of travel restrictions to mitigate the effects of COVID-19, our focus necessarily shifted to operating safely and efficiently within this new environment of increased health related risks at the border. These risks need to be meticulously managed not only for the safety of passengers and staff, but also to protect all of Aotearoa from community transmission of COVID-19.

15.1 Operational response to ensure passenger safety

With the imposition of travel restrictions to mitigate the effects of COVID-19, focus necessarily shifted to operating safely and efficiently within this environment of increased health related risks at the border. These risks were meticulously managed for the safety of passengers, border workers based at the Airport, and to protect all of Aotearoa from community transmission of COVID-19.

To this end, Auckland Airport has worked closely with various government agencies and airport stakeholders to meet government guidelines in responding to COVID-19 outbreak, and changes in alert levels.

Operating the international terminal safely

After COVID-19 struck NZ, Auckland Airport re-imagined existing airport infrastructure so it could support the safe facilitation of incoming international travellers, whilst recognising the key role airports play as the first line of defence against the spread of the virus.

This led to the physical division of the existing International Terminal and associated operational processes into two ‘Zones’ from August 2020. The physical separation extended to an independent network of utilities including heating, ventilation, and air conditioning for each of the two defined terminal spaces.

Rigorous testing and refinement of the separated Zone A and Zone B pathways occurred, with Zone B going ‘live’ on 16th April 2021. Once in operation, the following separation of different categories of travellers was applied in order to facilitate Quarantine Free Travel:

- **International Terminal Zone A, Safe Travel area:** The main pier to the south (gates 1-10) is used exclusively by people arriving from countries or states with which New Zealand has formed a safe travel bubble, meaning quarantine free travel. People who have been in New Zealand for more than 14 days and are departing on international flights also use International Zone A.
- **International Terminal Zone B, Health Management area:** A second self-contained zone created out of Pier B (gates 15-18), the pier that points to the west. International Zone B is used by those arriving from countries with which New Zealand does not have a safe (quarantine free) travel arrangement and who are required to undergo either managed isolation or quarantine. It is also used by a limited number of passengers transiting through Auckland Airport en-route elsewhere.

By 30 June 2021, 316,000 international and transit passengers had passed through the split terminal since it went live. This operational split facilitated quarantine free travel with safe destinations, whilst prioritising the safety of travellers, our staff, and our community.

COVID testing and vaccinations were implemented on-site

Health and safety protocols were prioritised in a concentrated effort to minimise the risk from COVID-19. All Auckland Airport front line employees were regularly tested for COVID-19 throughout the year and were fully vaccinated prior to the deadline in the Public Health Order.

Auckland Airport assisted making testing available for the wider airport community by providing space throughout the year for the District Health Board to provide an on-site testing centre in the International Terminal. Space was also provided for a vaccination centre for essential airport-based workers. Auckland Airport also participated in the trials of COVID-19 saliva-based tests through the provision of space for these trials and the participation of staff.

Health and safety initiatives to make travel safer

New innovations and processes were introduced to make the terminal safer. A trial of UV cleaning on escalator handrails was undertaken. Upgraded UV bulbs were installed in the heating, ventilation, and air conditioning system in the health management zone in the international terminal, to provide longer life and provide cleaning of air in circulation.

An enhanced cleaning audit process which involves live flight schedules (both passenger and cargo) being loaded into a digital auditing tool which records the paths taken by arriving guests and ensures the right level of cleaning is completed. This is time stamped in real time for auditing purposes. These cleaning processes are audited by Infection Prevention and Control teams quarterly.

To ensure ongoing protection of staff and passengers onsite, comprehensive PPE (personal protection equipment) stations have been established throughout the International Terminal. Significant effort has gone into systems around ensuring that appropriate PPE is worn when workers are processing arriving flights, working with the Infection prevention Control team at the Ministry of Health to determine these PPE levels and translate them to the tasks being undertaken within the passenger journey.

A terminal wide PPE matrix was developed for all stakeholders, identifying the levels of PPE required for different tasks in different areas, and ensuring all entrances to areas where arriving flights are processed have posters displayed with a QR code - enabling this matrix to be updated for staff real-time.

15.2 Enhancing system performance through operational improvement

Aside from responding to the health requirements of operating an airport in a pandemic, a number of other operational improvements to enhance system performance were implemented in FY21. These are outlined in Table 12.

Table 12: Operational improvement initiatives, FY21

Initiative	Description
AOS – NZ call sign change	Changes made to our core AOS system to incorporate changes to Air New Zealand call signs for regional flights.
CEM Upgrade	Upgraded the access control system to ensure continued system support and implementation of new and improved features.
Contact Centre DR Solution	Implemented an extension of the existing disaster recovery solution utilised by the Operations Centre. It has been extended into the new Contact Centre (located behind Operations Reception), in case the system fails, or there is a need to evacuate the Contact Centre (or work from home).
Casper noise monitoring unit upgrades	Upgraded the noise monitoring hardware located across Auckland with new hardware for improved connectivity and stability.
Baggage system enhancements	Outsourced baggage system management contract was reduced due to the impacts of COVID-19. Asset management plans have been a focus, along with invasive asset condition assessments while traffic has been low.
Asset Management	Activity to enhance Auckland Airports Asset Management capability included completion of an independent assessment of Asset Management maturity, establishment of a Strategic Asset Management Plan, and updating of Asset Management Plans for key infrastructure.
Wildlife	The Wildlife Ranger resource pool increased from three full-time Rangers to eight full-time Rangers. This approach was adopted to deliver 24/7 wildlife ranger coverage to manage wildlife risks around the airport precinct.
Updated Airport Workers Rules	Airport Workers Rules were expanded to cover a wider area, to incorporate all security, biosecurity, Customs, Immigration and health and safety requirements into one document. This is used for workers of all stakeholders within our airfield, terminals, and public areas adjacent to our terminals. Increased training requirements including an online training module will increase the standard of knowledge of workers in the safety and regulatory requirements of working in an aerodrome environment.
Sustainability	In the 2021 financial year we updated our approach to sustainability, identifying the four key pillars of Purpose, Place, People and Community and setting challenging new company sustainability goals and targets including achieving Net Zero Carbon (scope 1 and scope 2) by 2030. The sustainability targets also included sustainable procurement practices, gender balance, ethnicity, water use and waste to landfill reduction targets, amongst others.

Section 16: Associated statistics: Demand and FTEs

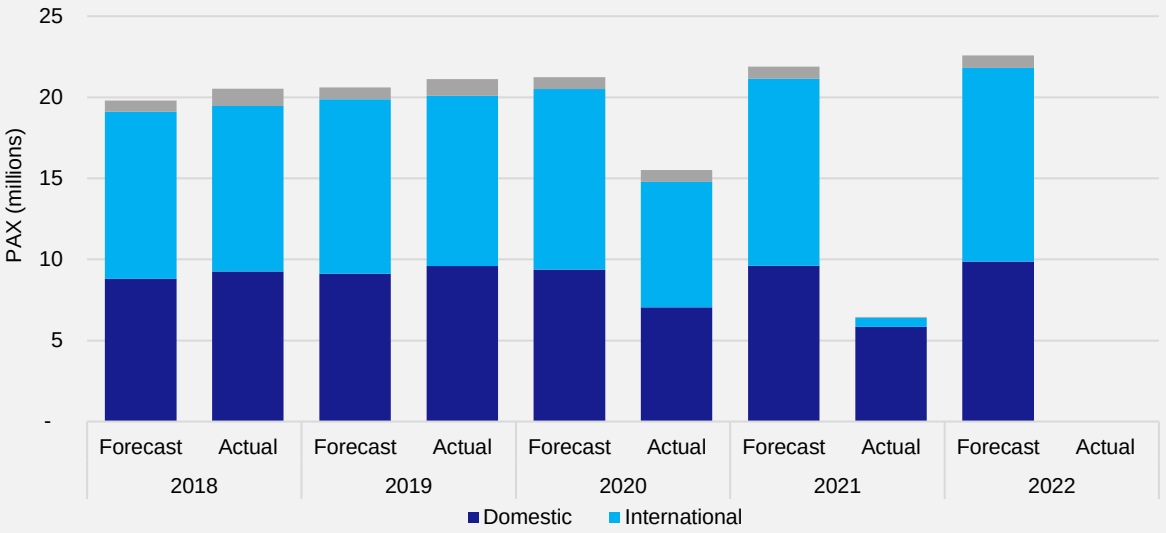
Key points:

- International passenger numbers were down 92.8% on the partially pandemic impacted FY20
- Domestic volumes decreased by 17.1% or 1.2 million passengers following airline capacity reductions on main trunk routes during COVID-19 lockdowns

16.1 Passenger demand

Until the unprecedented COVID-19 crisis, passenger volumes had been broadly tracking the PSE3 forecast. It is now clear that the actual five-year volumes will be substantially lower than forecast. Figure 11 below summarises actual passenger volumes versus those forecast when prices were set.

Figure 11: Passenger movements – actual vs. Price Setting Disclosure



International passenger volumes

Compared to forecasts at the time of pricing, international passenger numbers have declined by 61.4% for the PSE3 period to date versus forecast growth of 5.9% for the same period, and in FY21 declined 92.8% versus FY20.

Airlines have maintained a reduced service schedule for most of the financial year, with the New Zealand border being closed to all but New Zealand citizens and permanent residents for most of the year. This significantly impacted the aeronautical capacity for Auckland Airport, with international passenger numbers being down 92.8% in FY21.

The number of international airlines providing regular schedule passenger services to Auckland Airport also decreased from 29 in FY20 to 14 in FY21. Figure 1 in Section 1 provides a comparison of monthly passengers compared to pre-COVID-19 levels in FY19.

Domestic passenger volumes

Domestic passenger numbers decline by 12.1% for the PSE3 period to date versus the 4.4% growth forecast for the same period.

Domestic passenger numbers decreased by 17.1% or 1,202,374 passengers in FY21 following airline capacity reductions on main trunk routes during COVID-19 lockdowns and other restrictions including physical distancing on aircraft.

16.2 Aircraft movement statistics

Total aircraft movements in FY21 decreased 29.1%, while MCTOW decreased 47.6% reflecting the greater proportional reduction in larger international aircraft movements. Detailed changes in aircraft movements and MCTOW volumes are outlined below in Table 13.

Table 13: Aircraft movements and MCTOW statistics, FY21 compared to FY20

	2021	2020	Δ
Aircraft movements			
International aircraft movements	15,106	44,962	-66.4%
Domestic aircraft movements	83,583	94,175	-11.2%
Total aircraft movements	**98,689**	**139,137**	-29.1%
MCTOW (tonnes)			
International MCTOW	1,771,014	4,669,929	-62.1%
Domestic MCTOW	1,637,867	1,830,711	-10.5%
Total MCTOW	**3,408,881**	**6,500,640**	-47.6%

Compared to the forecasts at the time of pricing, FY21 and PSE3 to date performance for MCTOW is outlined in Table 14.

Table 14: MCTOW performance, variance to PSE3 forecasts

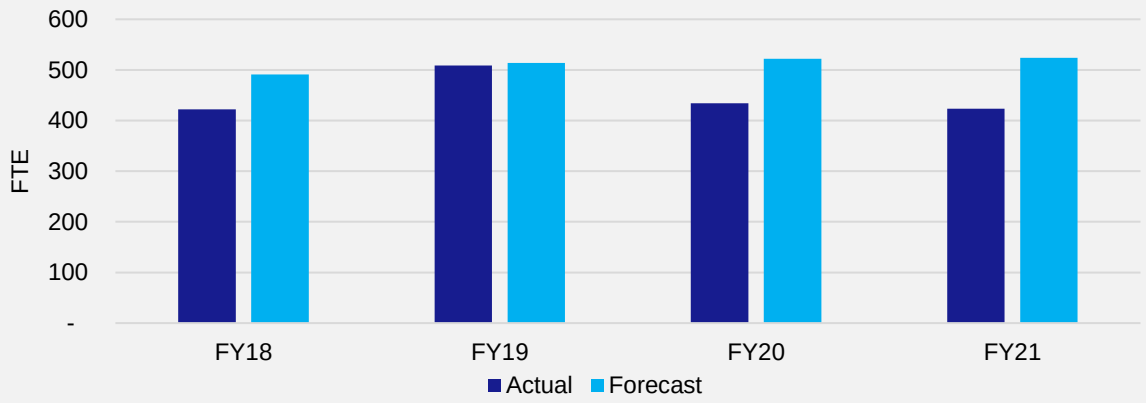
	FY21			
	Actual	Forecast	Variance	Δ
International	1,771,014	6,402,910	-4,631,896	-72.3%
Domestic	1,637,867	2,422,732	-784,865	-32.4%
Total	**3,408,881**	**8,825,641**	**-5,416,760**	**-61.4%**
	Period to Date			
	Actual	Forecast	Variance	Δ
International	18,133,073	24,644,865	-6,511,792	-26.4%
Domestic	8,182,689	9,365,356	-1,182,667	-12.6%
Total	**26,315,762**	**34,010,221**	**-7,694,459**	**-22.6%**

16.3 Human resource statistics

COVID-19 led to significant changes to the Auckland Airport business, one of these being staff numbers.

The total full-time equivalent employees (FTE) of the regulated aeronautical business were 356 for FY21, 14 FTEs or 3.7% less than FY20. The team most affected were Aeronautical Operations, who adapted to a more efficient operating model as a response to the constrained COVID-19 environment. People were moved from the passenger terminals, which required less effort due to lower passenger activity, towards airfield activities aircraft movements held up better owing to increased cargo operations and passenger aircraft flying with low load-factors. Staff allocated to passenger terminals decreased by 22% from FY20 to FY21, whilst staff allocated to airfield increased by 21% for the same period.

Figure 12: FTE headcount



Section 17: Pricing Statistics

Key points:

- The international passenger charge increased by 30 cents per passenger
- The domestic passenger charge increased by 24 cents per passenger
- Increases in the average overall charge per passenger were due to landing charges paid per aircraft with lower passenger load factors in the year, and some fixed revenue sources combined with significantly lower passenger volumes

The charges set by Auckland Airport have been subject to thorough review via the five yearly aeronautical price setting process. A review by the Commission resulted in Auckland Airport revising its charges post the initial price setting event with discounted charges taking effect from 1 July 2019.

The analysis in this section reflects these discounted charges. The schedule of discounted standard charges is available on our website (www.aucklandairport.co.nz).

17.1 International

At the time of price setting, it was forecast that effective international charges per passenger would increase by 0.1% per annum in nominal terms. After applying the discounts, the effective forecast reduction was 0.7% per annum in nominal terms.

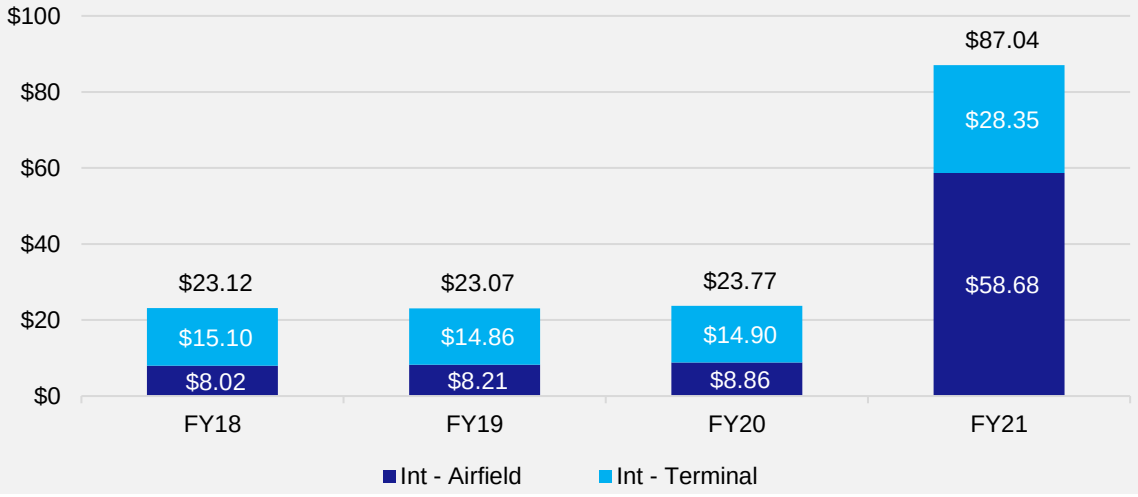
FY21 effective charge per passenger

Because of the 90%-plus reduction in international passenger numbers in the year, the effective average charge per international passenger in FY21 increased significantly to $87.04 per passenger, up from $23.77 in FY20.

This increase was not driven materially by higher prices, but rather by lower passenger volumes which spread landing and parking charges over far fewer passengers. The international passenger charge (IPC) for FY21 only increased from $14.91 per passenger to $15.21 per passenger – an increase of 30 cents per passenger. While the average international landing charge per tonne MCTOW only increased from $13.99 per tonne to $14.07 per tonne.

These modest price increases had minimal impact on the average charge per passenger. The driver was the substantially lower passenger numbers compounded by very low load factors, driving higher landing and aircraft parking charges on a per-passenger basis. Airfield revenue increased to $58.68 per passenger. Overall terminal revenue per passenger also increased from $14.90 to $28.35 in FY21 due to some components of terminal revenue that are fixed and not linked to passenger numbers (Figure 13).

Figure 13: Average Charges per Passenger - International



17.2 Domestic

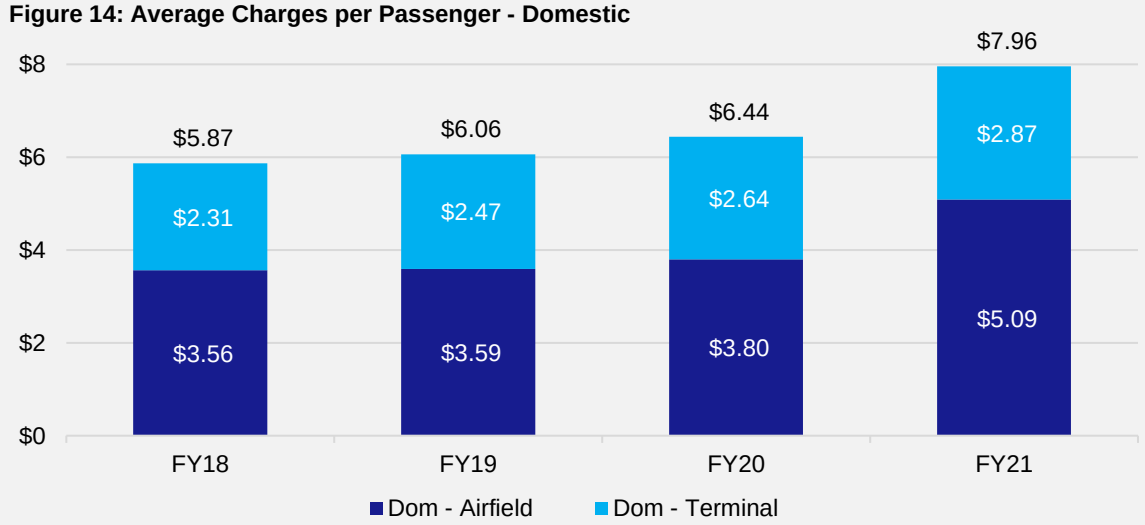
Domestic charges per passenger were forecast to increase by 1.8% per annum in nominal terms over the 5-year period of PSE3.

FY21 effective charge per passenger

The domestic passenger charge for FY21 increased to $2.86 per passenger (from $2.62 in FY20), an increase of 24 cents per passenger. The average domestic landing charge increased from $12.63 per tonne MCTOW in FY21 to $12.80 per tonne MCTOW in FY21, an increase of just 1.4%.

As set out in Figure 14 below, the effective average domestic charge per passenger in FY21 increased to $7.96 per passenger, up from $6.44 per passenger in FY20. This increase in average airfield charges per passenger, was driven by lower aircraft load factors driving higher airfield revenue per passenger overall. This highlights the diseconomies that policy changes such as physical distancing requirements onboard aircraft have on airline operating costs.

Figure 14: Average Charges per Passenger - Domestic



NB: Average charges are impacted by changes in mix of aircraft and load factors since COVID-19.

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

Company Name	Auckland International Airport Limited
Disclosure Date	30 November 2021
Disclosure Year (year ended)	30 June 2021
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 2021**
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 (%)	4.27%	7.15%	(2.88%)
Post-tax IRR - current year (%)	(1.78%)	5.52%	(7.30%)

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	1,091,787	1,406,270	(314,483)
less	Assets commissioned	526,325	1,207,675	(681,350)
plus	Asset disposals	1,983	–	1,983
less	Operational expenditure	507,746	495,513	12,233
less	Unlevered tax	113,680	160,285	(46,605)
	RAB value	1,463,762	2,155,435	(691,673)
	Closing carry forward adjustment	85,369	85,369	0
	Closing investment value	1,378,393	2,070,066	(691,673)
	Post-tax IRR for pricing period to date (%)	4.27%	7.15%	(2.88%)

1a(ii): Current Year Annual IRR

($000 unless otherwise specified)

		Actual for Current Disclosure Year	Forecast for Current Disclosure Year	Variance
	Opening RAB	1,485,783	2,005,604	(519,821)
	Opening carry forward adjustment	84,654	84,654	–
	Opening investment value	1,401,129	1,920,950	(519,821)
plus	Total regulatory income	118,940	369,055	(250,115)
less	Assets commissioned	58,236	240,596	(182,360)
plus	Asset disposals	1,100	–	1,100
less	Operational expenditure	66,119	132,045	(65,926)
less	Unlevered tax	(1,518)	36,836	(38,354)
	RAB value	1,463,762	2,155,435	(691,673)
	Closing carry forward adjustment	85,369	85,369	–
	Closing investment value	1,378,393	2,070,066	(691,673)
	Post-tax IRR for current year (%)	(1.78%)	5.52%	(7.30%)

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 2021
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	1,485,783	1,463,762
Opening carry forward adjustment	82,510	83,225	83,940	84,654	85,369
Opening investment value	1,104,747	1,328,661	1,418,547	1,401,129	1,378,393
Total regulatory income	338,359	356,925	276,642	119,861	
Assets commissioned - 1st month	6,466	88,686	6,816	23,550	
Assets commissioned - 2nd month	6,387	2,951	–	4,591	
Assets commissioned - 3rd month	46,799	192	4,334	20,346	
Assets commissioned - 4th month	5,715	6,552	1,252	555	
Assets commissioned - 5th month	110,497	1,644	–	–	
Assets commissioned - 6th month	9,966	11,647	1,104	249	
Assets commissioned - 7th month	1,618	2,904	(0)	2,307	
Assets commissioned - 8th month	41,924	65	1,792	39	
Assets commissioned - 9th month	773	9,509	10,560	1,808	
Assets commissioned - 10th month	1,845	850	12,141	2,753	
Assets commissioned - 11th month	13,708	909	3,799	499	
Assets commissioned - 12th month	38,974	14,003	1,806	1,438	
Asset disposals	–	–	883	1,100	
Operational expenditure	116,701	125,685	199,129	66,231	
Unlevered tax	43,574	48,507	23,116	(1,518)	
RAB value	1,411,886	1,502,486	1,485,783	1,463,762	
Closing carry forward adjustment	83,225	83,940	84,654	85,369	
Closing investment value	1,328,661	1,418,547	1,401,129	1,378,393	–
Post-tax IRR - pricing period to date (%)	9.85%	9.74%	6.31%	4.27%	(60.19%)

1c: Carry Forward Balance

	Actual	Forecast	Variance
Opening carry forward adjustment	84,654	84,654	–
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	85,369	85,369	–

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 2021**

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT

ref *Version 5.0*

2a: Regulatory Profit

($000 unless otherwise specified)

		Actual	Forecast	Variance
Income				
Airfield		64,034	131,149	(67,116)
Passenger Service Charge		24,240	201,350	(177,110)
Check-In		1,254	3,143	(1,889)
		–	–	–
Lease, rental and concession income		27,444	29,375	(1,931)
Other operating revenue		2,763	4,038	(1,275)
Net operating revenue		119,735	369,055	(249,320)
Gains / (losses) on sale of assets		(795)	–	(795)
Other income		–	–	–
Total regulatory income		118,940	369,055	(250,115)
Expenses				
Operational expenditure:				
Corporate overheads		8,338	31,587	(23,249)
Asset management and airport operations		45,398	84,793	(39,394)
Asset maintenance		12,382	15,665	(3,284)
Total operational expenditure		66,119	132,045	(65,926)
Operating surplus / (deficit)		52,822	237,010	(184,188)
Regulatory depreciation		61,258	91,499	(30,240)
plus	Indexed revaluation	2,757	1,928	828
plus	Periodic land revaluations	–	–	–
Total revaluations		2,757	1,928	828
Regulatory Profit / (Loss) before tax		(5,680)	147,440	(153,120)
less	Regulatory tax allowance	–	36,836	(36,836)
Regulatory Profit / (Loss)		(5,680)	110,604	(116,284)

Regulated Airport	**Auckland International Airport Limited**
For Year Ended	**30 June 2021**

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	12,781	
Other incentives	6	
Total financial incentives		12,788

2b(ii): Rates and Levy Costs

	($000)
Rates and levy costs	2,535

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 2021**

SCHEDULE 3: REPORT ON THE REGULATORY TAX ALLOWANCE

Version 5.0

3a: Regulatory Tax Allowance

					($000)
		Regulatory profit / (loss) before tax			(5,680)
	plus	Regulatory depreciation	61,258		
		Other permanent differences—not deductible	(17,980)	*	
		Other temporary adjustments—current period	6,287	*	
					49,565
	less	Total revaluations	2,757		
		Tax depreciation	62,645		
		Notional deductible interest	5,420		
		Other permanent differences—non taxable	–	*	
		Other temporary adjustments—prior period	13,857	*	
					84,679
		Regulatory taxable income (loss)			(40,793)
	less	Tax losses used	–		
		Net taxable income			–
		Statutory tax rate (%)	0		
		Regulatory tax allowance			–
		Notional interest tax shield	1,518		
		Unlevered tax			(1,518)

** Workings to be provided*

3b: Notes to the Report

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

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

Refer to Disclosure Commentary Note 3.

3b(ii): Tax Depreciation Roll-Forward

			($000)	
		Opening RAB (Tax Value)	974,734	
	plus	Regulatory tax asset value of additions	56,085	
	less	Regulatory tax asset value of disposals	899	
	plus	Regulatory tax asset value of assets transferred from/(to) unregulated asset base	–	
	less	Tax depreciation	62,645	
	plus	Other adjustments to the RAB tax value	(20,835)	
		Closing RAB (tax value)		946,440

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

			($000)	
		Tax losses (regulated business)—prior period	–	
	plus	Current year tax losses	(40,793)	
	less	Tax losses used	–	
		Tax losses (regulated business)		(40,793)

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

	RAB value - previous year	1,485,783
	Debt leverage assumption (%)	19%
	Cost of debt assumption (%)	1.92%
	Notional deductible interest	5,420
	Tax rate (%)	28.0%
	Notional interest tax shield	1,518

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2021**

SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD

Version 5.0

ref			($000)	Actual ($000)	Forecast ($000)	Variance ($000)
8		**RAB value—previous disclosure year**		1,485,783	2,005,604	(519,821)
10	*less*	Regulatory depreciation		61,258	91,499	(30,240)
11	*plus*	Total revaluations		2,757	1,928	828
12	*plus*	Assets Commissioned		58,236	240,596	(182,360)
13	*less*	Asset disposals		1,100	1,195	(95)
14	*plus*	Lost and found assets adjustment		(850)	–	(850)
15		Adjustment resulting from cost allocation		(19,805)	–	(19,805)
17		**RAB value** [T]		1,463,762	2,155,435	(691,673)

ref			($000)	Unallocated RAB * ($000)	($000)	RAB ($000)
21		**RAB value—previous disclosure year**		1,786,024		1,485,783
22	*less*					
23		**Regulatory depreciation**		76,824		61,258
24	*plus*					
25		Indexed revaluations	2,757		2,757	
26		Periodic land revaluations	–		–	
27		**Total revaluations**		2,757		2,757
28	*plus*					
29		Assets commissioned (other than below)	64,920		58,135	
30		Assets acquired from a regulated supplier	–		–	
31		Assets acquired from a related party	161		101	
32		**Assets commissioned**		65,081		58,236
33	*less*					
34		Asset disposals (other)	1,014		795	
35		Asset disposals to a regulated supplier	–		–	
36		Asset disposals to a related party	453		305	
37		**Asset disposals**		1,467		1,100
39	*plus*	**Lost and found assets adjustment**		2,166		(850)
41		**Adjustment resulting from cost allocation**				(19,805)
43		**RAB value** [T]		1,777,736		1,463,762

* *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.*

[T] *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 2021**

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	76,824	61,258
Non-standard depreciation	–	–
Regulatory depreciation	76,824	61,258

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)	1,047
CPI at CPI reference date—current year (index value)	1,083
Revaluation rate (%)	3.44%
Asset category revaluation rates	
Land	3.44%
Sealed Surfaces	3.44%
Infrastructure and buildings	3.44%
Vehicles, plant and equipment	3.44%

Revaluations	Unallocated RAB		RAB	
Land	931		931	
Sealed Surfaces	–		–	
Infrastructure and buildings	1,822		1,822	
Vehicles, plant and equipment	4		4	
Indexed revaluation		2,757		2,757

4b(iv): Works Under Construction

		Unallocated works under construction		Allocated works under construction	
	Works under construction—previous disclosure year		319,792		279,408
plus	Capital expenditure	125,901		101,201	
less	Write-offs	450		424	
less	Asset commissioned	65,081		58,236	
plus	Adjustment resulting from cost allocation				8,244
	Works under construction		380,162		330,193

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2021**

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

ref | *Version 5.0*

4b(v): Capital Expenditure by Primary Purpose

ref				
101		Capacity growth	59,119	
102	*plus*	Asset replacement and renewal	42,082	
103		Total capital expenditure		101,201

4b(vi): Asset Classes

ref			Land	Sealed Surfaces	Infrastructure & Buildings	Vehicles, Plant & Equipment	Total *
106		RAB value—previous disclosure year	364,756	238,155	828,033	54,839	1,485,783
107	*less*	Regulatory depreciation	4	9,631	34,886	16,737	61,258
108	*plus*	Indexed revaluations	931	–	1,822	4	2,757
109	*plus*	Periodic land revaluations	–				–
110	*plus*	Assets commissioned	101	17,892	25,032	15,211	58,236
111	*less*	Asset disposals	305	10	–	785	1,100
112	*plus*	Lost and found assets adjustment	4	0	(855)	1	(850)
113	*plus*	Adjustment resulting from cost allocation	(53)	0	(16,016)	(3,736)	(19,805)
114		RAB value	365,429	246,406	803,129	48,797	1,463,762

** Corresponds to values in RAB roll forward calc*

4b(vii): Assets Held for Future Use

ref			($000)	($000)	
117		Assets held for future use opening cost—previous year		379,643	
118	*plus*	Holding costs	25,132		
119	*less*	Assets held for future use net revenue	(1,571)		
120	*plus*	Assets held for future use additions	–		
121	*less*	Assets held for future use disposals	574		
122	*less*	Transfers to works under construction	683		
123		Assets held for future use closing cost		405,090	
125		Opening base value		167,702	
126	*plus*	Assets held for future use revaluations	(22)		
127	*plus*	Assets held for future use additions	–		
128	*less*	Assets held for future use disposals	574		
129	*less*	Transfers to works under construction	683		
130		Closing base value		166,423	
132	*plus*	Opening tracking revaluations	13,240		
133		Tracking revaluations	13,218		
134		Highest rate of finance applied (%)			6.62%

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2021**

SCHEDULE 5: REPORT ON RELATED PARTY TRANSACTIONS

ref *Version 5.0*

5(i): Related Party Transactions

	($000)
Net operating revenue	–
Operational expenditure	4,348
Related party capital expenditure	4,574
Market value of asset disposals	1,027
Other related party transactions	3,976

5(ii): Entities Involved in Related Party Transactions

Entity Name	Related Party Relationship
Auckland Council	Auckland Council is a significant shareholder of Auckland International Airport, with a shareholding in excess of 18 percent. All transactions were on an arms-length commercial basis, without special privileges.
AIM Services	Auckland Airport also has a grounds maintenance contract with AIM Services (formerly 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, wastewater and compliance services from Watercare, a 100% subsidiary of Auckland Council. One of Auckland Airport's directors was also a director of Watercare but subsequent to year end has resigned from their Watercare directorship. All transactions were on an arms-length commercial basis, without special privileges.
Auckland Airport non-regulated business	The part of Auckland Airport that does not supply specified airport services subject to this information disclosure regime.
Fulton Hogan	One of Auckland Airport's directors is also a director at Fulton Hogan. Auckland Airport incurs costs relating to engineering services / works provided by Fulton Hogan. All transactions were on an arms-length commercial basis, without special privileges.
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	2,297
Auckland Council (Operational expenditure)	Compliance, consent fees and other government regulatory obligations	N/A	8
AIM Services (Operational expenditure)	Grounds maintenance for the regulated business	N/A	1,393
Fulton Hogan (Operational expenditure)	Engineering services for the regulated business	N/A	67
Watercare (Operational expenditure)	Water, wastewater and compliance services for the regulated business	N/A	583
Auckland Council (Capital expenditure)	Compliance, consent fees and other government regulatory obligations	N/A	32
Fulton Hogan (Capital expenditure)	Engineering services for the regulated business	N/A	4,542
Auckland Airport non-regulated business (Asset disposal)	Transfer of 1,458 sqm of land (previously held for future use in the regulated asset base) to the non-regulated asset base (as part of investment property land relating to development at The Landing). 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.	102	148
Auckland Airport non-regulated business (Asset disposal)	Transfer of 2,542 sqm of land at Timberly Road Pond (previously untilised in connection with the stormwater network) to the non-regulated asset base, with the land now used 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.	126	319
Auckland Airport non-regulated business (Asset disposal)	Transfer of 2,409 sqm of airport office space land at Uenuku Way in to the non-regulated asset base, with the land now used for 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.	56	134
Auckland Airport non-regulated business (Asset disposal)	Transfer of 2,364 sqm of land (previously held for future use in the regulated asset base) to the non-regulated asset base (as part of investment property land). 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.	180	426

35	Auckland Airport non-regulated business (Other transactions)	Transfer of 301 sqm of investment property land at The Landing in to the regulated asset base, with the land now used for the airport's electricity network. The land was transferred per clauses 3.9(1)(e) and 3.9(4) of the Input Methodolgies Determination.	(102)	(31)
36	Auckland Airport non-regulated business (Other transactions)	Transfer of 2,927 sqm of investment property land at the Airport Shopping Centre in to the regulated asset base, with the land being utilised as part of the Airport's roading network. The land was transferred per clauses 3.9(1)(e) and 3.9(4) of the Input Methodolgies Determination.	(47)	(130)
37	Key management personnel (Other transactions)	Remuneration of directors	N/A	996
38	Key management personnel (Other transactions)	Remuneration of the senior management team	N/A	3,116
39	Auckland International Airport Marae Ltd (Other transactions)	Maintenance and occupancy costs for the regulated business	N/A	25

40 **Commentary on Related Party Transactions**

41	Refer to Disclosure Commentary Note 5.
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Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2021**

SCHEDULE 6: REPORT ON ACTUAL TO FORECAST PERFORMANCE

ref *Version 5.0*

6a: Actual to Forecast Expenditure

($000)

	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
Expenditure by Category						
Capacity growth	59,119	499,410	(88.2%)	532,977	1,579,409	(66.3%)
Asset replacement and renewal	42,082	38,125	10.4%	122,822	179,506	(31.6%)
Total capital expenditure	101,201	537,535	(81.2%)	655,799	1,758,916	(62.7%)
Corporate overheads	8,338	31,587	(73.6%)	84,758	118,534	(28.5%)
Asset management and airport operations	45,398	84,793	(46.5%)	362,239	318,194	13.8%
Asset maintenance	12,382	15,665	(21.0%)	60,636	58,786	3.1%
Total operational expenditure	66,119	132,045	(49.9%)	507,633	495,513	2.4%
Key Capital Expenditure Projects						
International Terminal (Check in, Outbound Baggage & Landside Dwell)	1,826	36,309	(95.0%)	14,477	55,757	(74.0%)
International Terminal (Airside Emigration & Dwell)	(871)	–	Not defined	111,804	72,552	54.1%
International Terminal (Pier and Connections)	(167)	0	(13,138,448,037.6%)	57,781	176,285	(67.2%)
International Terminal (Arrivals)	47	119	(60.7%)	8,410	102,393	(91.8%)
Ground Transport Centre / Plaza - Aeronautical elements (Ground Transport Centre / Plaza - Aeronautical elements)	2,910	15,841	(81.6%)	7,208	18,098	(60.2%)
Integrated Facility (Domestic Jet Facility (Phase 5))	3,090	176,562	(98.2%)	69,269	486,618	(85.8%)
Existing Domestic Terminal (Extension of Life)	737	–	Not defined	15,561	23,109	(32.7%)
Runway, Taxiway and Aprons (Code F Taxiway, Stands and Aprons)	(7,142)	61,304	(111.7%)	54,441	81,783	(33.4%)
Runway, Taxiway and Aprons (Code B/C/E taxiway, stands and aprons (Phase 5))	(0)	94,618	(100.0%)	59	247,388	(100.0%)
Runway, Taxiway and Aprons (Airfield Utilities)	7,790	1,172	564.7%	31,023	33,214	(6.6%)
Runway, Taxiway and Aprons (Flexible contingent runway)	(7)	–	Not defined	2,902	–	Not defined
Support Facilities (Business Technology)	2,487	3,906	(36.3%)	17,684	16,289	8.6%
Support Facilities (Acoustic Mitigation)	1,000	1,850	(46.0%)	5,273	6,942	(24.0%)
Support Facilities (AD&D Support Projects)	(39)	7,441	(100.5%)	16,957	26,281	(35.5%)
Support Facilities (Airport Emergency Services)	127	–	Not defined	2,857	11,240	(74.6%)
Support Facilities (Marketing Customer Service and Communications)	878	617	42.3%	1,918	2,395	(19.9%)
Support Facilities (Corporate)	299	1,256	(76.2%)	5,861	4,792	22.3%
Airport Campus Utilities (Utilities - Stormwater)	–	1,544	(100.0%)	–	6,955	(100.0%)
Airport Campus Utilities (Utilities - Water & Wastewater)	(0)	1,688	(100.0%)	1,980	16,009	(87.6%)
Airport Campus Utilities (Utilities - Power - LV and HV Power)	(2)	3,010	(100.1%)	13	6,137	(99.8%)
Airport Surface Access Network (Terminal Roads)	538	7,323	(92.7%)	15,716	31,764	(50.5%)
Airport Surface Access Network (Arterial and Other Roads)	47,158	12,336	282.3%	89,641	52,955	69.3%
Asset Maintenance (Slab Replacement and Runway Works)	25,390	9,869	157.3%	50,975	37,022	37.7%
Asset Maintenance (Airbridge Refurbishment)	1,651	1,727	(4.4%)	4,199	6,479	(35.2%)
Asset Maintenance (Business as Usual)	11,272	12,027	(6.3%)	49,372	49,566	(0.4%)
Second Runway incl Utilities (Second Runway incl Utilities)	1,897	85,778	(97.8%)	17,823	172,615	(89.7%)
Other capital expenditure	332	1,237	(73.1%)	2,594	14,281	(81.8%)
Total capital expenditure	101,201	537,535	(81.2%)	655,798	1,758,916	(62.7%)

Explanation of Variances

Please 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 + 3.*

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2021**

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

ref	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
73	Capacity growth		247,551	409,728	422,721	499,410	544,606
74	Asset replacement and renewal		57,904	47,069	36,408	38,125	42,894
75	Total forecast capital expenditure		305,455	456,797	459,129	537,535	587,501
76							
77	Corporate overheads		27,204	29,295	30,447	31,587	32,868
78	Asset management and airport operations		73,027	78,641	81,733	84,793	88,230
79	Asset maintenance		13,492	14,529	15,100	15,665	16,300
80	Total forecast operational expenditure		113,722	122,465	127,281	132,045	137,398

ref	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
83	International Terminal (Check in, Outbound Baggage & Landside Dwell)		11,915	1,129	6,403	36,309	109,960
84	International Terminal (Airside Emigration & Dwell)		51,002	20,848	702	–	0
85	International Terminal (Pier and Connections)		78,194	55,066	43,025	0	0
86	International Terminal (Arrivals)		20,163	40,248	41,862	119	15,638
87	Ground Transport Centre / Plaza - Aeronautical elements (Ground Transport Centre / Plaza - Aeronautical elements)		1,138	535	584	15,841	29,198
88	Integrated Facility (Domestic Jet Facility (Phase 5))		35,854	135,708	138,494	176,562	139,691
89	Existing Domestic Terminal (Extension of Life)		–	11,295	11,814	–	–
90	Runway, Taxiway and Aprons (Code F Taxiway, Stands and Aprons)		11,345	6,130	3,004	61,304	120,282
91	Runway, Taxiway and Aprons (Code B/C/E taxiway, stands and aprons (Phase 5))		5,481	64,100	83,189	94,618	–
92	Runway, Taxiway and Aprons (Airfield Utilities)		8,675	18,656	4,711	1,172	1,223
93	Runway, Taxiway and Aprons (Flexible contingent runway)		–	–	–	–	–
94	Support Facilities (Business Technology)		5,064	3,577	3,741	3,906	6,017
95	Support Facilities (Acoustic Mitigation)		1,625	1,694	1,772	1,850	1,931
96	Support Facilities (AD&D Support Projects)		4,901	6,813	7,126	7,441	7,764
97	Support Facilities (Airport Emergency Services)		793	10,447	–	–	–
98	Support Facilities (Marketing Customer Service and Communications)		623	565	591	617	644
99	Support Facilities (Corporate)		1,184	1,150	1,203	1,256	1,310
100	Airport Campus Utilities (Utilities - Stormwater)		678	2,434	2,300	1,544	716
101	Airport Campus Utilities (Utilities - Water & Wastewater)		2,115	6,230	5,975	1,688	1,283
102	Airport Campus Utilities (Utilities - Power - LV and HV Power)		305	1,449	1,373	3,010	–
103	Airport Surface Access Network (Terminal Roads)		7,507	7,617	9,316	7,323	1,962
104	Airport Surface Access Network (Arterial and Other Roads)		11,413	18,198	11,008	12,336	27,166
105	Asset Maintenance (Slab Replacement and Runway Works)		8,666	9,036	9,451	9,869	10,297
106	Asset Maintenance (Airbridge Refurbishment)		1,517	1,581	1,654	1,727	1,802
107	Asset Maintenance (Business as Usual)		14,262	11,157	12,120	12,027	11,767
108	Second Runway incl Utilities (Second Runway incl Utilities)		11,270	18,377	57,190	85,778	95,605
109	Other capital expenditure		9,767	2,757	520	1,237	3,247
110	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 2021**

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)
123	[Proposed adjustment 1]				Not defined			Not defined	
124	[Proposed adjustment 2]				Not defined			Not defined	
125	[Proposed adjustment 3]				Not defined			Not defined	
126	[Proposed adjustment 4]				Not defined			Not defined	
127	[Proposed adjustment 5]				Not defined			Not defined	
128	[Proposed adjustment 6]				Not defined			Not defined	
129	[Proposed adjustment 7]				Not defined			Not defined	
130	[Proposed adjustment 8]				Not defined			Not defined	
131	[Proposed adjustment 9]				Not defined			Not defined	
132	**include additional rows if needed*								
133	Total proposed risk allocation adjustments								–

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

Refer to Disclosure Commentary Note 6.

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

** Disclosure year Pricing Period Starting Year .*

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Regulated Airport For Year Ended

Auckland International Airport Limited
30 June 2021

SCHEDULE 7: REPORT ON SEGMENTED INFORMATION

Version 5.0

($000)

	Specified Passenger Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business*
Airfield	–	64,034	–	64,034
Passenger Service Charge	24,240	–	–	24,240
Check-In	1,254	–	–	1,254
0	–	–	–	–
Lease, rental and concession income	10,420	601	16,423	27,444
Other operating revenue	916	451	1,396	2,763
Net operating revenue	36,830	65,086	17,819	119,735
Gains / (losses) on asset sales	(512)	(241)	(42)	(795)
Other income	–	–	–	–
Total regulatory income	36,318	64,845	17,777	118,940
Total operational expenditure	44,696	15,134	6,289	66,119
Regulatory depreciation	37,224	21,249	2,785	61,258
Total revaluations	–	–	2,757	2,757
Regulatory tax allowance	–	–	–	–
Regulatory profit/ loss	(45,602)	28,462	11,460	(5,680)
RAB value	702,007	669,475	92,280	1,463,762

** 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	**Auckland International Airport Limited**
For Year Ended	**30 June 2021**

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		118,940	796	119,736	156,493	276,229
Total operational expenditure		66,119	839	66,957	42,282	109,272
Operating surplus / (deficit) before interest, depreciation, revaluations and tax		52,822	(43)	52,779	114,211	166,958
less	Depreciation	61,258	28,160	89,418	35,341	124,759
plus	Revaluations	2,757	(2,871)	(114)	519,917	519,803
less	Tax expense	–	(19,422)	(19,422)	60,136	40,714
Net operating surplus / (deficit) before interest		(5,680)	(11,651)	(17,331)	538,651	521,288
Property plant and equipment		1,463,762	2,045,299	3,509,061	3,322,957	6,832,018

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	796
The regulatory/GAAP adjustment of $839K relates to the Airport Business GAAP portion of $1.2 million of capital project impairments reported in the annual report. The impairments have not been recognised for regulatory purposes as they are unrealised and may reverse in future periods. These differ from capital project write-offs and termination cost reversals of $18.2 million GAAP ($17.7 million regulatory) also reported in the annual report. These write-offs and termination cost reversals are reported for regulatory purposes on the basis that they are incurred. Therefore, no regulatory/GAAP adjustment is required here. Further information can be found in the accompanying commentary document for schedules 2 and 8.	Total operational expenditure	839
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	28,160
The difference in revaluations between GAAP and Regulatory is due to the different valuation methodologies used, as described in the accompanying commentary document.	Revaluations	(2,871)
The regulatory/GAAP adjustment of $19.4m relates to tax losses of $11.4m, deferred tax "income" of $6.4m that is recognised in Airport Business GAAP, and the tax effect of $1.5m in relation to the notional interest deduction (which is not claimed in the the GAAP tax calculation).	Tax expense	(19,422)

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 Land category were revalued in FY21). 3) Future Use assets and Work in Progress are excluded from "The Airport Business" for Regulatory (RAB) but included in "The Airport Business" for GAAP. Further information on this can be found in the accompanying commentary document.	Property plant & equipment	2,045,299
	[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 2021**

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS

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	306,528	28,005	334,668		334,668
Assets not directly attributable	24,793	5,453	515	30,761	12,335	43,097
Total value land				365,430		
Sealed Surfaces						
Directly attributable assets	–	246,407	–	246,407		246,407
Assets not directly attributable	–	–	–	–	–	–
Total value sealed surfaces				246,407		
Infrastructure and Buildings						
Directly attributable assets	84,449	37,567	54,802	176,818		176,818
Assets not directly attributable	565,887	54,185	6,239	626,311	291,476	917,787
Total value infrastructure and buildings				803,129		
Vehicles, Plant and Equipment						
Directly attributable assets	10,405	4,668	121	15,194		15,194
Assets not directly attributable	16,338	14,667	2,598	33,603	10,163	43,766
Total value vehicles, plant and equipment				48,797		
Total directly attributable assets	94,989	595,170	82,928	773,087		773,087
Total assets not directly attributable	607,018	74,305	9,353	690,676	313,974	1,004,649
Total assets	702,007	669,475	92,280	1,463,762	313,974	1,777,736

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
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 2021**

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)

ref *Version 5.0*

ref	Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
62	**Asset Allocators (cont)**				
63	**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]		
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76			[Select one]		
77			[Select one]		
78			[Select one]		
79			[Select one]		
80			[Select one]		
81			[Select one]		
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112			[Select one]		
113			[Select one]		
114			[Select one]		
115			[Select one]		
116			[Select one]		
117			[Select one]		
118			[Select one]		
119			[Select one]		
120			[Select one]		
121			[Select one]		
122			[Select one]		
123	** A description of the metric used for allocation, e.g. floor space.*				
124					Page 16

Regulated Airport	**Auckland International Airport Limited**
For Year Ended	**30 June 2021**

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 20**	**Current Year (CY)** **30 Jun 21**	**CY+1** **30 Jun 22**
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 to Disclosure Commentary Note 9.

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2021**

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	327	–	–	327		327
Costs not directly attributable	2,621	4,502	889	8,011	4,648	12,659
Asset Management and Airport Operations						
Directly attributable operating costs	24,038	(12,656)	592	11,974		11,974
Costs not directly attributable	10,085	19,225	4,115	33,425	34,418	67,843
Asset Maintenance						
Directly attributable operating costs	5,290	2,671	499	8,460		8,460
Costs not directly attributable	2,334	1,393	195	3,922	2,861	6,783
Total directly attributable costs	29,656	(9,985)	1,090	20,761		20,761
Total costs not directly attributable	15,040	25,120	5,198	45,357	41,928	87,285
Total operating costs	44,696	15,134	6,289	66,119	41,928	108,046

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 2021**

SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)

ref *Version 5.0*

ref	Operating Cost Category	Allocator*	Allocator Type	Rationale	Operating Cost Line Items
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]		
60			[Select one]		
61			[Select one]		
62			[Select one]		
63			[Select one]		
64			[Select one]		
65			[Select one]		
66			[Select one]		
67			[Select one]		
68			[Select one]		
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76			[Select one]		
77			[Select one]		
78			[Select one]		
79			[Select one]		
80			[Select one]		
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89			[Select one]		
90			[Select one]		
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92			[Select one]		
93			[Select one]		
94			[Select one]		
95			[Select one]		
96			[Select one]		
97			[Select one]		
98			[Select one]		
99			[Select one]		
100			[Select one]		
101			[Select one]		
102			[Select one]		
103			[Select one]		
104			[Select one]		
105			[Select one]		
106			[Select one]		
107			[Select one]		
108	** A description of the metric used for allocation, e.g. floor space.*				
109					

Regulated Airport	**Auckland International Airport Limited**
For Year Ended	**30 June 2021**

SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)

ref *Version 5.0*

10b: Notes to the Report

10b(i): Changes in Cost Allocators

			Effect of Change		($000)
			CY-1 30 Jun 20	**Current Year (CY) 30 Jun 21**	**CY+1 30 Jun 22**
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

Refer to Disclosure Commentary Note 10.

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2021**

SCHEDULE 11: REPORT ON RELIABILITY MEASURES

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	–	–	–
9	Airlines/Other	–	–	–
10	Undetermined reasons	1	–	19
11	Total	1	–	19
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	8	8	25
27	Airlines/Other	4	2	38
28	Undetermined reasons	–	–	–
29	Total	12	11	03
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	–	–	–
33	Airlines/Other	–	–	–
34	Undetermined reasons	–	–	–
35	Total	–	–	–
36	**Baggage reclaim belts**			
37	The number and duration of interruptions to baggage reclaim belts during disclosure year by party primarily responsible			
38	Airports	–	–	–
39	Airlines/Other	–	–	–
40	Undetermined reasons	–	–	–
41	Total	–	–	–
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	4	1	6
45	Airlines/Other	3	2	6
46	Undetermined reasons	10	1	48
47	Total	17	5	–
48				

	Regulated Airport	**Auckland International Airport Limited**
	For Year Ended	**30 June 2021**

SCHEDULE 11: REPORT ON RELIABILITY MEASURES (cont)

ref *Version 5.0*

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

56 The percentage of time that FEGP is unavailable due to interruptions* 0.12%

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

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58 **Commentary concerning reliability measures**

59 Refer Disclosure Commentary Note 11.

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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

79 *respect of reliability. If interruptions are categorised as "occurring for undetermined reasons", the reasons for inclusion in this category must be disclosed.*

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Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2021**

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	26
	Domestic jet	9	2	–
	Domestic turboprop	–	13	6
Total parking stands		27	19	32

Busy periods for runway movements

	Date
Runway busy day	11 June 2021
Runway busy hour start time (day/month/year hour)	24 Jun 2021 7 am

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	33	–	7	40
	Domestic jet	101	10	–	111
	Domestic turboprop	–	164	1	165
	Total	134	174	8	316
Other (including General Aviation)					38
Total aircraft movements during the runway busy day					354

Number of aircraft runway movements during the runway busy hour: 31

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

Refer Disclosure Commentary Note 12.

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2021**

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)	12-05-2021 - 9:00	04-06-2021 - 13:00	N/A
	Floor space (m^2)	3,842	1,675	N/A
	Passenger throughput during the passenger busy hour (passengers/hour)	770	1,247	N/A
	Utilisation (busy hour passengers per $100m^2$)	20	74	N/A
Check-in				
	Passenger busy hour for check-in—start time (day/month/year hour)	12-05-2021 - 9:00	04-06-2021 - 13:00	N/A
	Floor space (m^2)	4,132	841	N/A
	Passenger throughput during the passenger busy hour (passengers/hour)	770	1,247	N/A
	Utilisation (busy hour passengers per $100m^2$)	19	148	N/A
Baggage (outbound)				
	Passenger busy hour for baggage (outbound)—start time (day/month/year hour)	12-05-2021 - 9:00	04-06-2021 - 13:00	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)*	1,036	960	N/A
	Passenger throughput during the passenger busy hour (passengers/hour)	770	1,247	N/A
	Utilisation (% of processing capacity)	34%	48%	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)	12-05-2021 - 9:00		
	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)	770		
	Utilisation (busy hour passengers per $100m^2$)	56		
	Utilisation (% of processing capacity)	27%		
	** 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)	12-05-2021 - 9:00	05-04-2021 - 14:00	
	Facilities for passengers excluding international transit & transfer			
	Floor space (m^2)	2,074	679	
	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)	770	988	
	Utilisation (busy hour passengers per $100m^2$)	37	145	
	Utilisation (% of processing capacity)	43%	73%	
	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)	–		
	Utilisation (busy hour passengers per $100m^2$)	–		
	Utilisation (% of processing capacity)	–		
	** 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 2021**

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)	12-05-2021 - 9:00	04-06-2021 - 13:00	
65	Floor space (m²)	12,674	2,273	
66	Passenger throughput during the passenger busy hour (passengers/hour)	770	1,247	
67	Utilisation (busy hour passengers per 100m²)	6	55	
68	**Departure lounges**			
69	Passenger busy hour for departure lounges—start time (day/month/year hour)	12-05-2021 - 9:00	04-06-2021 - 13:00	
70	Floor space (m²)	8,125	2,922	
71	Number of seats	3,990	1,076	
72	Passenger throughput during the passenger busy hour (passengers/hour)	770	1,247	
73	Utilisation (busy hour passengers per 100m²)	9	43	
74	Utilisation (passengers per seat)	0.2	1.2	
75	**Inbound (Arriving) Passengers**			
76	**Airside circulation (inbound)**			
77	Passenger busy hour for airside circulation (inbound)—start time			
78	(day/month/year hour)	02-05-2021 - 17:00	11-02-2021 - 18:00	N/A
79	Floor space (m²)	12,531	2,298	N/A
80	Passenger throughput during the passenger busy hour (passengers/hour)	487	1,337	N/A
81	Utilisation (busy hour passengers per 100m²)	4	58	N/A
82	**Passport control (inbound)**			
83	Passenger busy hour for passport control (inbound)—start time			
84	(day/month/year hour)	02-05-2021 - 17:00		
85	Floor space (m²)	1,656		
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)	486		
89	Utilisation (busy hour passengers per 100m²)	29		
90	Utilisation (% of processing capacity)	15%		
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)	02-05-2021 - 17:00	11-02-2021 - 18:00	N/A
95	Floor space (m²)	1,513	1,675	N/A
96	Passenger throughput during the passenger busy hour (passengers/hour)	486	1,337	N/A
97	Utilisation (busy hour passengers per 100m²)	32	80	N/A
98	**Baggage reclaim**			
99	Passenger busy hour for baggage reclaim—start time (day/month/year hour)	02-05-2021 - 17:00	11-02-2021 - 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)*	3,432	938	
103	Bags processed during the passenger busy hour (bags/hour)*	654	1,029	
104	Passenger throughput during the passenger busy hour (passengers/hour)	486	1,337	
105	Utilisation (% of processing capacity)	19%	110%	
106	Utilisation (busy hour passengers per 100m²)	7	124	
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)	02-05-2021 - 17:00		
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)	486		
115	Utilisation (% of processing capacity)	23%		
116	Utilisation (busy hour passengers per 100m²)	18		
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)	02-05-2021 - 17:00	11-02-2021 - 18:00	N/A
120	Floor space (m²)	1,676	260	N/A
121	Passenger throughput during the passenger busy hour (passengers/hour)	486	1,337	N/A
122	Utilisation (busy hour passengers per 100m²)	29	513	N/A
123				

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2021**

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

ref *Version 5.0*

	International terminal	Domestic terminal	Common area †
Total terminal functional areas providing facilities and service directly for passengers			
Floor space (m^2)	67,559	14,691	N/A
Number of working baggage trolleys available for passenger use at end of disclosure year	4,050	450	N/A

Commentary concerning capacity utilisation indicators for Passenger Terminal Activities

Refer to Disclosure Commentary Note 13.

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

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

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2021**

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 20**	**2 31 Dec 20**	**3 31 Mar 21**	**4 30 Jun 21**	**Annual average**
Ease of finding your way through an airport		4.32	4.25	4.23	4.26
Ease of making connections with other flights		4.40	4.25	3.88	4.18
Flight information display screens		4.25	4.32	4.29	4.29
Walking distance within and/or between terminals		4.23	4.29	4.17	4.23
Availability of baggage carts/trolleys		4.19	4.34	4.16	4.23
Courtesy, helpfulness of airport staff (excluding check-in and security)		4.37	4.45	4.40	4.41
Availability of washrooms/toilets		4.15	4.21	4.23	4.20
Cleanliness of washrooms/toilets		4.07	4.09	4.10	4.09
Comfort of waiting/gate areas		3.91	3.87	3.90	3.89
Cleanliness of airport terminal		4.25	4.31	4.23	4.26
Ambience of the airport		3.94	3.95	3.91	3.93
Security inspection waiting time		4.32	4.40	4.22	4.31
Check-in waiting time		4.38	4.43	4.38	4.40
Feeling of being safe and secure		4.41	4.49	4.46	4.45
Average survey score	–	4.23	4.26	4.18	4.22

International terminal — *Quarter for year ended*	**1 30 Sep 20**	**2 31 Dec 20**	**3 31 Mar 21**	**4 30 Jun 21**	**Annual average**
Ease of finding your way through an airport	–	–	–	–	–
Ease of making connections with other flights	–	–	–	–	–
Flight information display screens	–	–	–	–	–
Walking distance within and/or between terminals	–	–	–	–	–
Availability of baggage carts/trolleys	–	–	–	–	–
Courtesy, helpfulness of airport staff (excluding check-in and security)	–	–	–	–	–
Availability of washrooms/toilets	–	–	–	–	–
Cleanliness of washrooms/toilets	–	–	–	–	–
Comfort of waiting/gate areas	–	–	–	–	–
Cleanliness of airport terminal	–	–	–	–	–
Ambience of the airport	–	–	–	–	–
Passport and visa inspection waiting time	–	–	–	–	–
Security inspection waiting time	–	–	–	–	–
Check-in waiting time	–	–	–	–	–
Feeling of being safe and secure	–	–	–	–	–
Average survey score	–	–	–	–	–

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 2021**

SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES

ref *Version 5.0*

Disclosure of the operational improvement process

Please refer Disclosure Commentary Note 15.

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

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2021**

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	3,251	821,698
Boeing - B777-300ER	744	258,196
Airbus Industrie - A-350-900	714	195,508
Airbus Industrie - A-330-300	510	118,359
Airbus Industrie - A-321	386	36,112
Airbus Industrie - A-320	397	30,606
Boeing - B737-300	382	25,240
Boeing - B757-200	158	18,274
Airbus Industrie - A-350-1000	49	15,484
Boeing - B747-800	23	10,244
Boeing - B737-800	111	8,664
Boeing 747-8	7	3,134
Airbus Industrie - A-319	22	1,661
Boeing - B777-200	5	1,632
Boeing - B777-300	4	1,250
Boeing - B747-400	3	1,203
Antonov - AN-124 Ruslan	3	1,176
Bombardier - BD-700 Global Express	11	476
Beechcraft - 350 Super King Air	45	333
Airbus Industrie - A-330-941	1	217
Boeing - B737-400	3	194
Gulfstream Aerospace - G650	2	82
Cessna - 680 Citation Sovereign	5	69
Bombardier - Learjet 45	6	49
Canadair - CL-600 Challenger 600	2	41
SAAB - Saab 340	2	26
Aerospatiale/Alenia - ATR-72-200	1	23
Bombardier - Learjet 60	2	21
Hawker 850XP	1	13
Cessna - 525A Citation CJ2	2	13
Cessna - 525B Citation CJ3	1	10
Embraer - 505 Phenom 300E	1	8
Fairchild - SW-4B	1	7
Cessna - 208 Grand Caravan	1	4
Cessna 404 Titan	1	4
	–	–
	–	–
	–	–
Total	6,857	1,550,030

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2021**

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	13,459	969,348
Airbus Industrie - A-321	1,764	164,934
Boeing - B737-300	1,205	77,872
Boeing - B787-9 Dreamliner	64	16,170
Boeing - B777-200	4	1,190
Boeing - B737-800	1	79
Boeing - B737-400	1	65
	–	–
	–	–
	–	–
	–	–
	–	–
	–	–
	–	–
	–	–
	–	–
Total	16,498	1,229,657

(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)
Aerospatiale/Alenia - ATR-72-200	8,675	197,262
De Havilland Canada - Dash 8 Q300	7,852	153,145
SAAB - Saab 340	1,143	14,735
Cessna - 208 Grand Caravan	2,964	11,764
Convair - CV-580 Convair	209	5,043
Fairchild - SW-4B	679	4,973
Beechcraft - 200 Super King Air	217	1,238
Beechcraft - 300 Super King Air	177	1,202
Canadair - CL-600 Challenger 600	54	1,105
British Aerospace - Jetstream 32	90	662
Beechcraft - 90 King Air	86	403
Beechcraft - 350 Super King Air	48	355
Cessna - 510 Citation Mustang	75	294
Cessna - 680 Citation Sovereign	9	124
Cessna - 441 Conquest 2	14	63
Piper - Unknown	8	42
Aero Commander - Turbo Commander 690	8	37
Fairchild - SW-4A	4	29
Cessna - 421 Golden Eagle	4	23
Boeing - B737-300	3	12
Pilatus - PC-12 Eagle	2	9
Beechcraft - Unknown	1	7
	–	–
Total	22,322	392,526

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2021**

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	1,926	5,766
Freight aircraft	914	217,212
Military and diplomatic aircraft	4	154
Other aircraft (including General Aviation)	859	13,535

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

	Total number of landings	Total MCTOW (tonnes)
Total	49,380	3,408,881

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	12,938	–	1,855	14,793
Domestic jet air passenger service movements	32,786	1,606	–	34,392

** 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†	2,943,667	283,001	3,226,668
Outbound passengers†	2,901,067	319,124	3,220,191
Total (gross figure)	5,844,734	602,125	6,446,859
less estimated number of transfer and transit passengers		43,064	43,064
Total (net figure)			6,403,795

† 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 Chathams	Air Canada
Air Nelson	Air New Zealand
Air New Zealand	Air Vanuatu
Barrier Air	China Airlines
Fly My Sky	China Eastern Airlines
Jetstar Airways	China Southern Airlines
Mount Cook Airlines	Emirates
	Fiji Airways
	Jetstar Airways
	Korean Air
	Philippine Airlines
	Qantas
	Qatar Airways
	Singapore Airlines

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2021**

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 3)

ref *Version 5.0*

Airline statistics (cont)

Domestic	International

16e: Human Resource Statistics

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Total
Number of full-time equivalent employees	178.3	161.1	16.6	355.9
Human resource costs ($000)				37,029

Commentary concerning the report on associated statistics

Please refer Disclosure Commentary Note 16.

Regulated Airport: Auckland International Airport Limited
For Year Ended: 30 June 2021

SCHEDULE 17: REPORT ON PRICING STATISTICS

ref *Version 5.0*

17a: Components of Pricing Statistics

	($000)
Net operating charges from airfield activities relating to domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	5,030
Net operating charges from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	24,709
Net operating charges from airfield activities relating to international flights	35,337
Net operating charges from specified passenger terminal activities relating to domestic passengers	16,780
Net operating charges from specified passenger terminal activities relating to international passengers	17,072

	Number of passengers
Number of domestic passengers on flights of 3 tonnes or more but less than 30 tonnes MCTOW	1,633,653
Number of domestic passengers on flights of 30 tonnes MCTOW or more	4,211,081
Number of international passengers	**602,125**

	Total MCTOW (tonnes)
Total MCTOW of domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	398,296
Total MCTOW of domestic flights of 30 tonnes MCTOW or more	1,233,645
Total MCTOW of international flights	1,771,014

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	3.08	12.63
Average charge from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	5.87	20.03
Average charge from airfield activities relating to international flights	58.69	19.95

	Average charge ($ per domestic passenger)	Average charge ($ per international passenger)
Average charge from specified passenger terminal activities	2.87	28.35

	Average charge ($ per domestic passenger)	Average charge ($ per international passenger)
Average charge from airfield activities and specified passenger terminal activities	7.96	87.04

Commentary on Pricing Statistics

Please refer Disclosure Commentary Note 17.

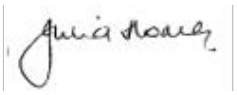
SCHEDULE 20

CERTIFICATION FOR DISCLOSED INFORMATION

Clause 2.7(1)

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

Signed on behalf of the Board by:



Dr Patrick Strange
Director, Chair of the Board

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

23 November 2021

Deloitte.

Independent Assurance Report

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

Opinion

We have undertaken a reasonable assurance engagement on the compliance of the attached Airport Services Information Disclosure Schedules, comprised of Schedules 1 to 17 of Auckland International Airport Limited (the 'Company') and its subsidiaries (the 'Group') for the year ended 30 June 2021 (the 'Schedules'), with the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 ('Determination').

In our opinion:

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

Basis for opinion

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

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

Directors' responsibilities for the Schedules

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

Our independence and quality control

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

The firm applies Professional and Ethical Standard 3 (Amended): *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements (Amended)* issued by the New Zealand Auditing and Assurance Standards Board, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other than in our capacity as auditor, our firm carries out other assignments for the Group in the area of greenhouse gas inventory assurance reporting, sustainability data quality non-assurance services and trustee reporting as well as non-assurance services provided to the Corporate Taxpayers Group. These services have not impaired our independence as auditor of the Company and Group. In addition to this, partners and employees of our firm deal with the Company and Group on normal terms within the ordinary course of trading activities of the business of the Company and its subsidiaries. The firm has no other relationship with, or interest in, the Company or any of its subsidiaries.

Deloitte.

Our responsibility

Our responsibility is to express an opinion on whether the Schedules comply, in all material respects, with the requirements of the Determination. SAE 3100 (Revised) requires that we plan and perform procedures to obtain reasonable assurance about whether the Group has complied, in all material respects, with the requirements of the Determination for the year ended 30 June 2021.

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

Our procedures included:

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

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

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

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

Inherent limitations

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

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

Our procedures on the forecast information in Schedules 6, 9 and 10 were limited to agreeing that information to the forecast information prepared by the Group and required by the Determination to be included in Schedule 18. Schedule 18 is published by the Group in a separate document. These procedures do not provide assurance that forecast information was accurate or reasonable at the time it was prepared, or that it subsequently was (or will be) proved to be accurate.

Further, a reasonable assurance engagement for the year ended 30 June 2021 does not provide assurance on whether compliance with the requirements of the Determination will continue in the future.

Deloitte.

Restriction on use

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

Deloitte Limited

Deloitte Limited
Auckland, New Zealand
23 November 2021