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Specified Airport Services Information Disclosure Requirements
Information Templates
for
Schedules 1–17

Company Name	Auckland International Airport Limited
Disclosure Date	30 November 2012
Disclosure Year (year ended)	30 June 2012
Pricing period starting year (year ended) [1]	30 June 2008

[1] *Pricing period starting year of the pricing period in place at the end of the disclosure year. Is used in clause b schedule 6.*

Templates for schedules 1–17
Version 2.0. Prepared 25 January 2012

Auckland Airport

Regulatory Information Disclosure – Specified Airport Services

Annual Information Disclosures FY12

Key Points:

- Auckland Airport's goal is to serve the interests of consumers and New Zealand by driving choice, innovation, efficiency and quality (reflecting its service ethos of making journeys better) and by ensuring that, as the airport that receives more than 70% of all visitors to New Zealand and contributes significantly to tourism and trade, it does not constrain the country's economic growth agenda and in fact proactively contributes to that growth.
- In May 2012, we submitted our first information disclosure for Auckland Airport under the new Commerce Act regulatory regime. This is the second information disclosure.
- Auckland Airport is proud of its airport performance and has embedded the objectives of part 4 of the Commerce Act into its company culture, values, policies and decision making. Auckland Airport remains committed to the new information disclosure process and to ensuring that the new regime is given sufficient time to be fully tested and developed.
- Auckland Airport believes that an airport's performance against the purpose of Part 4 cannot meaningfully be assessed on the basis of a few years' disclosure. The variable nature of the industry and its players may lead to legitimate differences from year to year. We believe that the regime established by the Commission will effectively promote the purpose statement of Part 4 of the Act. It will do this by providing a greater amount of information, prepared on a consistent basis, for interested persons to assess conduct and performance over time.
- Isolated elements of the FY12 disclosure, as in the case of the FY11 disclosure, require further explanation. There is a very significant reduction in the ROI for FY12 compared to FY11. The FY12 post-tax ROI of 6.57% compares with the Commission's published WACC estimate of 7.56% for FY12, and a WACC estimate of 9.11% using the Commissions WACC methodologies with parameters applicable at the time of the price-setting event.
- Unlike FY11, FY12 does not include a market revaluation of land. In FY11, a large unrealised land revaluation added gains to the ROI and reported profit for that year. This differs from the approach to revaluations agreed with airlines and their representatives for the financial forecasts and ROI calculations prepared during consultation on the FY08 to FY12 aeronautical price path. A moratorium on asset revaluations meant that the forecast asset base did not grow from revaluations and neither did the forecast returns include revaluation income. Also, the FY11 and FY12 returns reflect a weighted average cost of capital (WACC) that was set for pricing 5 years ago, making comparisons difficult with the Commission's more recently calculated WACC.
- It is essential for New Zealand that Auckland Airport continues to have appropriate incentives to provide the capacity necessary to ensure there are no growth constraints to facilitate our country's ambitions to grow trade and tourism.
- As New Zealand's foremost airport we must ensure we have the capacity to cater for the ever-changing needs of future generations by holding land for future airport expansion. This is a national responsibility we cannot, and do not, wish to avoid, however there is a cost associated with safeguarding future New Zealand aviation capacity.

Introduction

This executive summary is intended to assist in interpreting the information disclosure schedules in the context of the purpose statement of the Commerce Act.

Auckland Airport is committed to working with the Commerce Commission and its customers on the information disclosure regime to ensure the purpose of Part 4 of the Commerce Act is fulfilled. It believes the information disclosure reporting regime provides an effective means for explaining an airport's individual performance alongside its regulated services, including commercial pricing arrangements, capacity constraints and capital requirements.

It is difficult for any industry-wide disclosure regime, no matter how good, to accommodate all the individual characteristics and circumstances of industry participants, particularly in an industry such as airports with wide differences in size, scale, networks, airline customer competition, infrastructure, asset bases and growth rates. These variances may lead to legitimate differences in reporting interpretation, when comparing Auckland Airport's performance, methodology and approach, whilst still reflecting the desired outcome of benefiting New Zealand and consumers.

One key area of difference between Auckland Airport's approach to pricing and the Commerce Commission's approach to information disclosure is in the treatment of revaluations. To avoid the short-term variances that can be caused by unrealised revaluation gains or losses, Auckland Airport agreed with airlines and their representatives during consultation on the FY08 to FY12 aeronautical price path that the financial forecasts and ROI calculations would reflect a moratorium on asset revaluations such that the forecast asset base did not grow from revaluations and neither did the forecasts returns include revaluation income. It is noted that asset revaluations at Auckland Airport during FY11 resulted in large unrealised valuation gains that impacted the reported ROI for that year.

The Commerce Commission's approach sees those gains increasing the regulatory asset base and being included in the regulatory profit used to calculate the return on investment. By comparison, the moratorium approach supported by Auckland Airport and the airlines for the purpose of price consultation does not include these unrealised valuation gains in the regulatory asset base and regulatory profit. Both methods are valid, in that over time they should produce the equivalent NPV results, but measuring performance using one methodology against actual results derived from another methodology can bring challenges in interpreting results and meaningfully assessing the long-term effectiveness of the new regime.

To summarise, Auckland Airport is focused on benefiting consumers through:

1. **Identifying and implementing innovations**
2. **Having an appropriate incentive to invest**
3. **Providing services of the quality and range required by consumers**
4. **Generating efficiencies and sharing the benefits**
5. **Earning a fair and reasonable return on the investments made**

1. Identifying and implementing innovations (Schedules 6, 11, 12, 13, 14, 15)

1.1 Innovation philosophy

Innovation can lead to improvements in operational performance, reliability performance, efficiency of expenditure, efficiency of investment and success of route development initiatives.

The introduction of technologies and innovation to improve departures, arrivals and border initiatives is a continuous process that can increase the propensity to travel and increase the

capacity of the existing infrastructure, thus deferring capital expenditure on new infrastructure until it is needed.

Successful innovation serves several purposes. It leads to operational improvements as outlined in Schedule 15. It also improves capacity utilisation of terminal and airfield facilities (Schedules 12 and 13) and can increase reliability and performance (Schedule 11).

Innovation can also reduce actual expenditure against forecast expenditure (Schedule 6), by finding new ways to utilise existing assets, increase capacity, and delay the need for further investment. Auckland Airport has a history of innovation in airport and airfield operations that was outlined in earlier disclosures and has continued in FY12.

Airport partners are involved in the identification and development of innovations through airport-wide initiatives to incentivise good ideas. Each time-saving initiative helps with reliability, customer satisfaction, capacity utilisation and operational improvements.

One of the key drivers of innovation is destination competition. To compete effectively with the likes of Sydney, Melbourne and Brisbane Airports, our airport processing, operations and product offer must be as good, if not better. This helps inform the terminal environment design, which is reflected in passenger satisfaction, with Airport Service Quality scores averaging 'very good'.

1.2 Examples of innovations in the last 12 months

a) This was the first year we have used smart technology to track passenger-processing times, across both the international arrivals and departure processes. Over the last 12 months, an average of 85.3% of arriving passengers were processed under 25 minutes, and an average of 96.4% of departing passengers were processed under 12 minutes.

b) Product innovations include the opening of the Auckland Airport Emperor Lounge, which opened in late 2011, and complements a number of existing airline operated lounges that are located at Auckland Airport, providing greater choice for partner airlines and for passengers.

c) Auckland Airport's sustainability innovations have gained recognition, becoming the first New Zealand company to join the Dow Jones global sustainable investment index (Sep 2012).

d) Auckland Airport is taking a leading and innovative role in working with the industry and government to stimulate travel, trade and tourism, particularly in relation to China. Auckland Airport has joined with the Tourism Industry Association of New Zealand in building a case for step changes to Chinese visitor visa processing. We have also taken a lead role with training education events to help the New Zealand tourism industry focus and prepare for Asia.

e) Auckland Airport has proactively begun to develop trade marketing programmes that target high net worth individuals. The outputs of these initiatives are to ensure we attract the very passenger segment that can help build airline yield, grow profitability and thereby strengthen the business case for increased flight frequency to Auckland. This helps New Zealand economically overall, not only through high yielding visitor traffic, but business travel, education and foreign investment.

f) Our culture of innovation is also demonstrated through the success and recognition of individual achievements of Auckland Airport staff. For example, in July Auckland Airport Airfield Manager Dennis Millington won the 2012 CAA Directors individual award for his outstanding contribution to safety in aviation. The Director of Civil Aviation Awards is presented each year to an individual with an overwhelming safety ethos.

2. Having an appropriate incentive to invest

Airport infrastructure is very capital intensive and long-life, and it is essential for New Zealand that airports continue to have appropriate incentives to provide the capacity necessary to ensure there are no growth constraints and to facilitate our country's ambitions to grow trade and tourism.

Auckland Airport is an economic growth engine for the Auckland and New Zealand economies. Auckland Airport's goal is to enhance this economic contribution as much as possible. It is taking steps to increase productivity, by investing in smart airport infrastructure, in air-service development and, in conjunction with our key stakeholders, initiating and promoting programmes to attract more tourists and trade to New Zealand.

Investment in large, long-life airport assets requires careful consideration and the balancing of short and long-term interests. Master-planning for Auckland Airport considers factors such as demographics, population growth, tourism growth, aviation trends, the economy, the regulatory framework, globalisation, technology, resource constraints, security, environmental responsibility, community and stakeholder input.

While there is a responsibility to Auckland and New Zealand to ensure long-term tourism infrastructure capacity for predicted growth is in place, Auckland Airport must also carefully balance supply with demand to optimise the efficiency of existing infrastructure and to ensure excess capacity is not delivered too far ahead of need.

The major investment priority for Auckland Airport now is domestic terminal capacity. Capacity in the domestic terminal is becoming increasingly constrained. With strong passenger and freight growth projected, and with the existing domestic terminal infrastructure nearing the end of its useful life and degrading service, Auckland Airport needs to begin investing carefully now to ensure long-term tourism infrastructure capacity is in place at the right time and that out-dated assets do not negatively impact on New Zealand's reputation.

The highest priority for the short to medium-term horizon is to address the capacity constraints in the existing domestic terminal and to find a pathway for enabling the future benefits for passengers and New Zealand that would result from the integration of terminals.

The nature and large scale of some of the capital investment that will be required to accommodate demand growth at Auckland Airport, and the relatively shallow capital pools available in the country, means that we must be able to raise capital and attract funding from a wide range of sources. Access to global capital is therefore critical to our ability to invest. Global investors consider a range of factors when weighing up investing in Auckland Airport’s shares or bonds compared with competing investment opportunities such as Australasian airport or infrastructure companies. They do not necessarily share the Commission’s view on the rate of return Auckland Airport should be targeting from its aeronautical capital expenditure programme, especially given the unprecedented fall in New Zealand government bond yields, and hence the Commission’s calculated WACC, over the last 12-18 months.

The treatment of revaluation gains and other non-cash items that remain unrealised is an important consideration in terms of our incentive to invest. As these unrealised gains do not contribute to cash returns, they make no direct contribution to the funding of investment in infrastructure.

3. Providing services of the quality and range required by consumers (Schedule 14 and 15)

3.1 Service philosophy

Auckland Airport considers that the quality of the service it provides is critical to its performance as New Zealand's international gateway. If our quality of service is below par, then this will have flow on effects for all businesses that rely on Auckland Airport.

Auckland Airport is focused on continually making improvements to the passenger experience, both directly and alongside airport partners, through improved quality and choice of services.

Schedule 14 of the disclosure statements reports on passenger service indicators, which are one measure of Auckland Airport’s ability to provide services of the quality and range wanted and expected by consumers. The operational improvement indicators outlined in Schedule 15 also serve to highlight work that improves customer satisfaction.

Auckland Airport uses a number of methods to understand and improve the quality of services required by customers and to assess customer satisfaction. These include membership of the global ASQ service rating system. Outlined in more detail in Schedule 14, ASQ is a customer satisfaction analysis and benchmarking programme. Average survey scores for the year showed slow but steady improvement from a high base.

A strong passenger satisfaction indicator is also the World Airport Skytrax Awards. For the last four years, Auckland Airport has been voted the best airport in Australia Pacific in the World Airport Skytrax awards, and was named in the top 10 airports in the world in 2009, 2010 and 2011. We also received the Best Service in Australia Pacific award in 2009 and 2012.

Auckland Airport also undertakes regular qualitative and quantitative market research that assists in understanding consumer needs and preferences. The quality and range of products and services across the business has been expanded, including terminal amenities and passenger processing. This offers choice and encourages supplier innovation and competition to help grow the size of the overall market.

3.2 Service quality initiatives undertaken in FY12;

a) the launch of an international gate lounge comfort and interior refurbishment programme,

b) improved inter-terminal connection - new walkway way-finding system installed, new and larger buses leased with improved signage

c) Mobile digital screens deployed for dynamic and targeted passenger messaging, including multi-lingual messaging.

d) New covered canopy across the international terminal forecourt for pedestrians.

e) Provision of additional aviation security capacity in the domestic terminal.

f) Air-service development initiatives have continued with the aim of driving market growth and increasing consumer choice. Successes this year include China Southern Airlines increasing their services to daily in November 2011. Emirates announced a second A380 service via Melbourne, and Air New Zealand commenced new seasonal services to Bali and the Sunshine Coast, and expanded existing international services to Perth and Japan, and domestically, to Queenstown. Hawaiian Airlines announced plans to fly three times a week from Auckland to Honolulu direct from March 2013.

g) Improved physical access to the airport is important to consumer satisfaction. Auckland Airport has worked with stakeholders on identification of a possible rapid transit route in South West Auckland.

h) Auckland Airport has the largest noise mitigation programme in New Zealand, designed to reduce noise impacts and meet our obligations to the community. The Auckland Airport Community Trust donated $467,000 in its 2012 funding round and has now distributed over $2 million in funding to community initiatives within the airport noise contours.

i) In 2012, Auckland Airport was the first New Zealand Company to be included in the Dow Jones Sustainability Index. The investment index ranks businesses based on their environmental, social and governance practices and performance. This provides Auckland Airport with the opportunity to benchmark our sustainability performance, in our sector and on a global scale.

4. Generating efficiencies and sharing the benefits of those efficiency gains with consumers (Schedules 6, 11, 12, 13, 14 and 15)

Auckland Airport has generated efficiencies and shared the benefit of those efficiency gains with consumers. Auckland Airport continues to be one of the lowest cost airport operators in the world.

Schedules 12 and 13 of the disclosures report on the ability of Auckland Airport to maximise utilisation of the passenger terminal, and the aircraft and apron facilities in order to drive

efficiencies for passengers and airlines. Schedules 11, 14 and 15 are influenced by the benefits that are gained through better efficiency.

Auckland Airport's preference is to maximise the utility of existing assets. In this regard, we pursue innovations and strive for best practice maintenance, management technology and operational efficiency. We also place value on sustainable maintenance and construction practices. A key objective in this regard, is to provide reliable assets that ensure safe and efficient operations with an optimised lifetime value for the asset.

These are complemented by Auckland Airport's well established practices for exploring process efficiency options prior to capital expenditure on investment.

For instance, Auckland Airport introduced and has been leading a LEAN forum (involving airline stakeholders and border agencies) to identify opportunities to gain incremental efficiencies from existing assets.

In May 2012, Auckland Airport replaced the LEAN working groups and governance group with the Collaborative Operations Group ("COG"). This group meets regularly and is made up of operations managers of Auckland Airport and its stakeholders from across the end to end process.

The results of the Lean Six Sigma work are reflected in Schedules 12, 13 and 15. In particular, in line with Schedule 15 there have been significant operational improvements in passenger processing times. Time and convenience are a strong proxy for value for a passenger.

A key focus is on maximising the efficiency of infrastructure to optimise the timing of capital expenditure.

As well as having a strong growth focus, Auckland Airport has strived to disconnect costs (including capital expenditure) from passenger volume growth to help drive down unit costs and reduce pressures on pricing. This is reflected in the international charges in the new pricing.

Reliability of core regulated services has been very high, and compares well with international airport performance. Auckland Airport believes the best measure is to calculate reliability of these core services as a percentage of available time.

5. Earning a fair and reasonable return on the investments made

As outlined in the introduction, and in Schedule 1 of the disclosures, Auckland Airport believes that return on investment should be measured over a period of time rather than at a single point in time. As this is only the second disclosure under the new information disclosure regime it should form one of a series of data points on return on investment.

While new airport facilities deliver benefits to New Zealand tourism and trade, Auckland Airport acknowledges that providing this new infrastructure will represent a significant investment that will affect airport charges. It is conscious of the challenging environment some airlines currently face, and the Asia-centric growth that other airlines are experiencing. Such concerns must be balanced with the requirement to invest in infrastructure, in a staged, fit-for-purpose and highly efficient way to best meet New Zealand’s interests.

Schedule 1 reports on the actual return on investment compared to an estimate of WACC for the year ended 30 June 2012. The commentary explains how different but valid methodology approaches can give different outcomes.

The three main differences relate to; the difference in timing in setting an appropriate WACC for pricing, a moratorium on asset revaluations included in Auckland Airport’s price setting in 2007 and the exclusion of land held for the future second runway and expansion of aircraft and freight activities.

Given the regulatory, political and commercial debate that centres on aeronautical charges, Auckland Airport periodically commissions a realistic and professional assessment of how its charges compare with other airports that are relevant to its market.

The most recent report on international charges by international aviation consultants, Jacobs, was conducted in December 2011. According to Jacobs, Auckland Airport's international aeronautical charges are "middle of the pack", just below the average of the 20 airports serviced by Air New Zealand that handle more than 500,000 international passengers a year.

The most recent report on domestic charges, by Australasian aviation consultants, Airbiz, was conducted in June 2012. The Airbiz report found that Auckland Airport has amongst the lowest domestic charges in Australasia. These competitive charges have been achieved while providing excellent levels of service, as indicated by being named the best airport in Australia Pacific for four years running.

Finally, as a publicly listed entity, Auckland Airport must make regular and transparent financial disclosures based on IFRS accounting standards, and must meet stringent NZX and ASX obligations on its governance and financial matters. Auckland Airport takes these responsibilities very seriously, and has been regularly recognised by industry groups, shareholding associations and by market analysts as having a very high standard of governance.

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 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 2012**

SCHEDULE 1: REPORT ON RETURN ON INVESTMENT

ref *Version 2.0*

($000 unless otherwise specified)

1a: Return on Investment

			CY-2 *	CY-1 *	Current Year CY
	Return on Investment (ROI)	*for year ended*		**30 Jun 11**	**30 Jun 12**
	Regulatory profit / (loss)			141,975	78,508
less	Notional interest tax shield			3,914	3,431
	Adjusted regulatory profit			138,062	75,077
	Regulatory investment value			1,091,751	1,142,121
	ROI—comparable to a post tax WACC (%)			12.65%	6.57%
	Post tax WACC (%)			8.06%	7.56%
	ROI—comparable to a vanilla WACC (%)			13.00%	6.87%
	Vanilla WACC (%)			8.40%	7.86%

Commentary on Return on Investment

Schedule 1 reports on Auckland Airport's actual return on investment (ROI) compared with the Commerce Commission's WACC estimates for the years ended 30 June 2011 (FY11) and 2012 (FY12). Auckland Airport's FY12 post-tax ROI of 6.57% compares with the Commission's published WACC estimate of 7.56% for FY12. Auckland Airport's regulated ROI has fallen by more than 6 percentage points versus the prior year mainly owing to FY11 including a market revaluation of land in regulatory profit. The FY12 regulatory profit included $10.8 million of CPI indexed revaluations. In 2011, Auckland Airport revalued land according to the Commission's prescribed methodology. That year the $50.5 million market based aeronautical land revaluations combined with $24.9 million of CPI indexed revaluations, together added more than $75 million of non-cash revaluation gains to the FY11 regulatory profit and ROI figures.

The Commission's prescribed ROI and WACC calculation methodologies for disclosure reporting purposes set out above are different to Auckland Airport's approach used during consultation with major airline customers on the aeronautical price path for FY08 to FY12 in three main areas:

• The period covered by the WACC estimate. The WACC used for setting FY12 aeronautical prices covered the 5 years starting in fiscal 2008 whereas the Commission's WACC estimate shown above applies to the 5 years starting in fiscal 2012;

• The approach to land and asset revaluations. No revaluations were assumed for price setting compared to mandatory periodic land and fixed asset revaluations under the disclosure reporting input methodologies; and

• The inclusion or exclusion of land held for future use from the asset base. Land held for future use was included in the asset base used to forecast ROI for the purpose of setting FY12 aeronautical prices, but it is excluded for the purpose of reporting ROI in these disclosure statements.

In brief:

• The WACC used at the time of consultation regarding the FY08-FY12 pricing period differs from the WACC above published by the Commission in July 2011 for FY12-FY16. Applying the Commerce Commission's WACC input methodology, but using the inputs applicable at the time of the previous price consultation would have resulted in a mid-point (50th percentile) post-tax WACC estimate of 9.11%, rather than the Commission's 7.56% FY12 estimate shown above. Further, using the Commerce Commission's WACC methodology with the inputs applicable at the time of the previous price consultation, but using the 75th percentile (as used by the Commerce Commission for price setting purposes in other industries) would have resulted in a post-tax WACC estimate of 10.09% compared with 7.56% shown above.

• Auckland Airport consulted with its substantial customers on how to treat asset revaluations during the FY08-FY12 pricing period. As requested by airlines and their representatives, the aeronautical price path for that period was based on a revaluation moratorium. Therefore no revaluation gains were included in the forecast ROI over the pricing period (nor did revaluations increase the asset base for determining returns). The Commerce Commission's disclosure methodology requires regulated airports to increase their regulatory asset base over time according to prescribed revaluation approaches and to include revaluation gains in reported regulatory profit and ROI. More than half of Auckland Airport's reported post-tax ROI for FY11 comprised non-cash revaluation gains whereas these gains comprised around a tenth of the reported post tax ROI of 6.57% for FY12.

• Airports are by nature a land intensive business. Auckland Airport has access to land for future expansion. Auckland Airport's FY12 regulatory investment value of $1,142 million excludes $198 million of this land which is deemed "land held for future use". This land has been set aside in the Masterplan for the future second runway and expansion of aircraft and freight activities to meet New Zealand's future tourism and travel needs. Had land held for future use been included in Auckland Airport's ROI calculation for FY12, the reported post tax ROI would have fallen to 5.62% from the 6.57% reported above.

Finally, we note that the aeronautical price path for FY08 to FY12 was set in consultation with major airlines and their representatives with reference to Auckland Airport's forecast regulatory ROI over that entire 5 year pricing period. The ROI figures reported above relate only to FY11 and FY12. As discussed above, reported annual returns are highly volatile depending largely on the level of non-cash revaluation gains included in the measure of regulatory profit each year. Auckland Airport believes interested parties should consider reported ROIs over the long term, rather than for single disclosure years in isolation.

** Return on Investment disclosure is not required for years ended prior to 2011.*

	Regulated Airport	**Auckland International Airport Limited**
	For Year Ended	**30 June 2012**

SCHEDULE 1: REPORT ON RETURN ON INVESTMENT (cont)

ref *Version 2.0*

($000 unless otherwise specified)

1b: Notes to the Report

1b(i): Deductible Interest and Interest Tax Shield

RAB value - previous year		1,136,886
Debt leverage assumption (%)		17%
Cost of debt assumption (%)		6.34%
Notional deductible interest		12,253
Tax rate (%)		28.0%
Notional interest tax shield		3,431

1b(ii): Regulatory Investment Value

Regulatory asset base value - previous year		1,136,886

	Commissioned Projects	Assets Commissioned— RAB Value ($000)	Proportion of Year Available (%)	Proportionate Regulatory Value
	Airfield Pavements Rehabilitation	3,567	–	–
	DTB Building Works	791	61%	482
	Meeters and greeters, forecourt mgmt & emigration	2,851	1%	25
	Terminal Precinct Roading & Services	706	82%	579
				–
				–
				–
				–
				–
plus	Other assets commissioned	8,389	50%	4,195
plus	Adjustment for merger, acquisition or sale activity	–	–	–
less	Asset disposals	92	50%	46
	RAB investment	16,212		
	RAB proportionate investment			5,235
	Regulatory investment value			1,142,121

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2012**

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT

Version 2.0

2a: Regulatory Profit

			($000)
Income			
	Airfield	77,298	
	Passenger Services Charge	83,080	
	Terminal Services Charge	28,604	
	Lease, rental and concession income	29,389	
	Other operating revenue	2,615	
	Net operating revenue		220,986
	Gains / (losses) on sale of assets	81	
	Other income	–	
	Total regulatory income		221,067
Expenses			
	Operational expenditure:		
	Corporate overheads	27,094	
	Asset management and airport operations	20,916	
	Asset maintenance	31,658	
	Total operational expenditure		79,668
Operating surplus / (deficit)			141,399
	Regulatory depreciation		46,187
plus	Indexed revaluation	10,791	
plus	Non-indexed revaluation	–	
	Total revaluations		10,791
Regulatory Profit / (Loss) before tax & allowance for long term credit spread			106,002
less	Allowance for long term credit spread		89
Regulatory Profit / (Loss) before tax			105,914
less	Regulatory tax allowance		27,405
Regulatory Profit / (Loss)			78,508

Commentary on Regulatory Profit

Auckland Airport's FY12 regulatory profit of $78.5 million is approximately half the $142.0 million regulatory profit reported in FY11. As explained in the commentary to Schedule 1, the FY11 figure includes market based land revaluations.

In 2007, Auckland Airport consulted with its substantial customers on how to treat asset revaluations when forecasting returns over the pricing period. As requested by airlines and their representatives, the aeronautical price path for the financial periods 2008 to 2012 included a moratorium on asset revaluations to avoid short-term variances in forecast returns. Hence the forecast regulatory asset base for pricing did not increase over the pricing period due to revaluations and no non-cash revaluation gains were included in forecast profit or ROI figures.

Regulated Airport For Year Ended: **Auckland International Airport Limited** — **30 June 2012**

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT (cont)

ref *Version 2.0*

($000 unless otherwise specified)

2b: Notes to the Report

2b(i): Allowance for Long Term Credit Spread

Schedule 2b(i) is only to be completed if at the end of the disclosure year the weighted average original tenor of the airport's qualifying debt and non-qualifying debt is greater than five years.

Qualifying debt	Issue date	Pricing date	Original tenor (in years)	Coupon rate (%)	Book value	Term Credit Spread Difference	Execution cost of an interest rate swap	Notional debt issue cost readjustment
Refer to Long Term Credit Spread Attachment					775,176	1,207	143	(853)
for detailed breakdown of Qualifying Debt and								
Allowance for Long Term Credit Spread calcs.								
						1,207	143	(853)

	497
Attribution Rate (%)	17.83%
Allowance for long term credit spread	89

2b(ii): Financial Incentives

		($000)
Pricing incentives	–	
Other incentives	7,062	
Total financial incentives		7,062

2b(iii): Rates and Levy Costs

	($000)
Rates and levy costs	3,093

2b(iv): Merger and Acquisition Expenses

	($000)
Merger and acquisition expenses	–

Justification for Merger and Acquisition Expenses

There were no merger and acquisition expenses in the year ended 30 June 2012 for the regulated airport business.

Allowance for Long Term Credit Spread

Term credit Spread Difference	Execution cost of an interest rate swap	Notional debt issue cost readjustment	Attribution rate	
A	B	C	D	Q = (A+B+C)xD
1,206,946	142,639	(852,806)	17.83%	88,594

A - Term credit Spread Difference

	A	B	Q = AXB			
Issue date		Book value of the qualifying debt at issue date	Term Credit Spread Difference		Original Issue Tenor	Qualifying Debt?
7-Nov-05	0.00150	50,000,000	75,000		7.0 yrs	1.0
12-Jan-09	0.00150	50,000,000	75,000		5.1 yrs	1.0
2-Nov-09	0.00150	125,000,000	187,500		5.1 yrs	1.0
7-Nov-05	0.00150	100,000,000	150,000		10.0 yrs	1.0
15-Oct-08	0.00150	129,992,000	194,988		8.1 yrs	1.0
10-Aug-09	0.00150	25,000,000	37,500		7.0 yrs	1.0
17-Oct-11	0.00150	100,000,000	150,000		6.0 yrs	1.0
14-Nov-11	0.00150	25,000,000	37,500		4.3 yrs	0.0
26-Oct-11	0.00150	57,000,000	85,500		3.3 yrs	0.0
10-Mar-08	0.00150	50,000,000	75,000		5.0 yrs	0.0
26-Oct-11	0.00150	-	-		3.3 yrs	0.0
26-Oct-11	0.00150	51,560,480	77,341		3.3 yrs	0.0
14-Nov-11	0.00150	125,000,000	187,500		4.3 yrs	0.0
15-Feb-11	0.00184	64,783,623	119,267		10.0 yrs	1.0
12-Jul-11	0.00150	65,616,798	98,425		10.0 yrs	1.0
15-Feb-11	0.00184	64,783,623	119,267		12.0 yrs	1.0
	Total Qualifying Debt	775,176,043	1,206,946		6.8 yrs	1.0
	Total Debt	*1,083,736,523*	*1,669,787*			

		B	C	D	E	F	A			
Issue date	Maturity date	Book value of the qualifying debt at issue date	Yield shown on the Bloomberg NZ "A" fair value curve for a bond with a tenor equal to, or closest to, the original tenor of the qualifying debt	NZ swap rate quoted by Bloomberg for a tenor equal to the original tenor of the qualifying debt	The yield shown on the Bloomberg NZ "A" fair value curve for a bond with a tenor of 5 years	NZ swap rate quoted by Bloomberg for a tenor of 5 years	A=(C-D)-(E-F)	Original Issue Tenor	Qualifying Debt?
7-Nov-05	7-Nov-12	50,000,000	7.1758%	6.9545%	7.2559%	7.0510%	0.00016	7.0 yrs	1.0
12-Jan-09	28-Feb-14	50,000,000	6.5674%	4.5150%	6.5674%	4.5150%	-	5.1 yrs	1.0
2-Nov-09	27-Nov-14	125,000,000	7.0770%	5.6600%	7.0770%	5.6600%	-	5.1 yrs	1.0
7-Nov-05	9-Nov-15	100,000,000	7.1758%	6.8925%	7.2559%	7.0510%	0.00078	10.0 yrs	1.0
15-Oct-08	15-Nov-16	129,992,000	7.8802%	6.5200%	7.8284%	6.4950%	0.00027	8.1 yrs	1.0
10-Aug-09	10-Aug-16	25,000,000	7.8727%	5.7900%	7.4576%	5.4830%	0.00108	7.0 yrs	1.0
17-Oct-11	17-Oct-17	100,000,000	6.0181%	4.3925%	5.5535%	3.9800%	0.00052	6.0 yrs	1.0
14-Nov-11	10-Mar-16	25,000,000	6.4801%	5.1975%	7.0284%	5.5875%	- 0.00158	4.3 yrs	0.0
26-Oct-11	31-Jan-15	57,000,000	6.4801%	5.1975%	7.0284%	5.5875%	- 0.00158	3.3 yrs	0.0
10-Mar-08	10-Mar-13	50,000,000	9.0580%	8.0200%	9.0580%	8.0200%	-	5.0 yrs	0.0
26-Oct-11	31-Jan-15	-	4.7107%	3.3800%	5.4329%	3.9150%	- 0.00187	3.3 yrs	0.0
26-Oct-11	31-Jan-15	51,560,480	4.7107%	3.3800%	5.4329%	3.9150%	- 0.00187	3.3 yrs	0.0
14-Nov-11	10-Mar-16	125,000,000	4.8543%	3.3811%	5.2786%	3.6350%	- 0.00170	4.3 yrs	0.0
15-Feb-11	15-Feb-21	64,783,623	7.2369%	5.4580%	6.2698%	4.6750%	0.00184	10.0 yrs	1.0
12-Jul-11	12-Jul-21	65,616,798	6.5004%	5.1050%	5.8331%	4.3375%	- 0.00100	10.0 yrs	1.0
15-Feb-11	15-Feb-23	64,783,623	7.2369%	5.4580%	6.2698%	4.6750%	0.00184	12.0 yrs	1.0
	Total Qualifying Debt	775,176,043							
	Total Debt	*1,083,736,523*							

B - Execution cost of an interest rate swap

Issue date	Maturity date	Book value of the qualifying debt at issue date	Execution cost for an interest rate swap (half the wholesale bid offer spread)	Execution cost for an interest rate swap (half the wholesale bid offer spread)	Original Issue Tenor	Qualifying Debt?
7-Nov-05	7-Nov-12	50,000,000	0.00428%	2,141	7.0 yrs	1.0
12-Jan-09	28-Feb-14	50,000,000	0.00443%	2,216	5.1 yrs	1.0
2-Nov-09	27-Nov-14	125,000,000	0.03979%	49,733	5.1 yrs	1.0
7-Nov-05	9-Nov-15	100,000,000	0.00648%	6,485	10.0 yrs	1.0
15-Oct-08	15-Nov-16	129,992,000	0.00760%	9,878	8.1 yrs	1.0
10-Aug-09	10-Aug-16	25,000,000	0.01954%	4,885	7.0 yrs	1.0
17-Oct-11	17-Oct-17	100,000,000	0.01514%	15,145	6.0 yrs	1.0
14-Nov-11	10-Mar-16	25,000,000	0.00992%	2,481	4.3 yrs	0.0
26-Oct-11	31-Jan-15	57,000,000	0.00992%	5,657	3.3 yrs	0.0
10-Mar-08	10-Mar-13	50,000,000	0.02824%	14,118	5.0 yrs	0.0
26-Oct-11	31-Jan-15	-	0.01494%		3.3 yrs	0.0
26-Oct-11	31-Jan-15	51,560,480	0.01494%		3.3 yrs	0.0
14-Nov-11	10-Mar-16	125,000,000	0.01064%		4.3 yrs	0.0
15-Feb-11	15-Feb-21	64,783,623	0.02037%	13,195	10.0 yrs	1.0
12-Jul-11	12-Jul-21	65,616,798	0.01963%	12,880	10.0 yrs	1.0
15-Feb-11	15-Feb-23	64,783,623	0.04026%	26,084	12.0 yrs	1.0
	Total Qualifying Debt	775,176,043		142,639		
	Total Debt	*1,083,736,523*		*164,896*		

C - Notional debt issue cost readjustment

Issue date	Maturity date	Original tenor of qualifying debt	Book value of the qualifying debt at issue date		Original Issue Tenor	Qualifying Debt?
		A	B	Q = ((1.75%/A)-0.35%)xB		
7-Nov-05	7-Nov-12	7.00	50,000,000	(50,012)	7.0 yrs	1.0
12-Jan-09	28-Feb-14	5.13	50,000,000	(4,368)	5.1 yrs	1.0
2-Nov-09	27-Nov-14	5.07	125,000,000	(5,850)	5.1 yrs	1.0
7-Nov-05	9-Nov-15	10.00	100,000,000	(175,072)	10.0 yrs	1.0
15-Oct-08	15-Nov-16	8.08	129,992,000	(173,600)	8.1 yrs	1.0
10-Aug-09	10-Aug-16	7.00	25,000,000	(25,006)	7.0 yrs	1.0
17-Oct-11	17-Oct-17	6.00	100,000,000	(58,400)	6.0 yrs	1.0
14-Nov-11	10-Mar-16	4.32	25,000,000	13,765	4.3 yrs	0.0
26-Oct-11	31-Jan-15	3.27	57,000,000	105,896	3.3 yrs	0.0
10-Mar-08	10-Mar-13	5.00	50,000,000	24	5.0 yrs	0.0
26-Oct-11	31-Jan-15	3.27	-	-	3.3 yrs	0.0
26-Oct-11	31-Jan-15	3.27	51,560,480	95,790	3.3 yrs	0.0
14-Nov-11	10-Mar-16	4.32	125,000,000	68,827	4.3 yrs	0.0
15-Feb-11	15-Feb-21	10.00	64,783,623	(113,387)	10.0 yrs	1.0
12-Jul-11	12-Jul-21	10.00	65,616,798	(114,845)	10.0 yrs	1.0
15-Feb-11	15-Feb-23	12.00	64,783,623	(132,267)	12.0 yrs	1.0
		Total Qualifying Debt	775,176,043	(852,806)		
		Total Debt	*1,083,736,523*			

D - Attribution rate

RAB Value for the previous disclosure year	Leverage rate of 17%	Sum of the book value of each qualifying debt and non-qualifying debt as of the end of the disclosure year	
A	B	C	Q= (A*B)/C
1,136,886,123	17%	1,083,736,523	17.83%

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2012**

SCHEDULE 3: REPORT ON THE REGULATORY TAX ALLOWANCE

ref *Version 2.0*

3a: Regulatory Tax Allowance

ref					($000)
7		Regulatory profit / (loss) before tax			105,914
8					
9	*plus*	Regulatory depreciation	46,187		
10		Other permanent differences—not deductible	60	*	
11		Other temporary adjustments—current period	5,226	*	
12					51,474
13					
14	*less*	Total revaluations	10,791		
15		Tax depreciation	31,301		
16		Notional deductible interest	12,253		
17		Other permanent differences—non taxable	–	*	
18		Other temporary adjustments—prior period	5,167	*	
19					59,511
20					
21		Regulatory taxable income (loss)			97,876
22					
23	*less*	Tax losses used	–		
24		Net taxable income			97,876
25					
26		Statutory tax rate (%)	28.0%		
27		Regulatory tax allowance			27,405

** Workings to be provided*

28

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).

Other permanent difference - not deductible: This relates to non-deductible entertainment expenses allocated to the Regulatory income based on the company wide rules.

Other temporary adjustments - current period:
These relate to accruals and provisions provided at year end that are not deductible for tax purposes. These include employee related provisions of $4.6m for employee leave, ACC, FBT, and staff incentives; and other accruals and provisions of $1.5m including doubtful debts, unbilled consultancy and non-specific accruals. The other temporary adjustments - current period also include timing differences relating to the disposal of fixed assets of $0.7m.

Other temporary adjustments - prior period:
The prior period adjustments consist of accruals and provisions identical in nature to those of the current period being employee related provisions of $4.0m and other accruals and provisions of $1.2m.

3b(ii): Tax Depreciation Roll-Forward

ref			($000)	
45		Opening RAB (Tax Value)	563,065	
46	*plus*	Regulatory tax asset value of additions	15,105	
47	*less*	Regulatory tax asset value of disposals	850	
48	*plus*	Regulatory tax asset value of assets transferred from/(to) unregulated asset base	4,419	
49	*less*	Tax depreciation	31,301	
50	*plus*	Other adjustments to the RAB tax value	–	
51		Closing RAB (tax value)		550,438

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

ref			($000)	
54		Tax losses (regulated business)—prior period	–	
55	*plus*	Current year tax losses	–	
56	*less*	Tax losses used	–	
57				
58		Tax losses (regulated business)		–

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2012**

SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD

Version 2.0

ref		Unallocated RAB * ($000)	Unallocated RAB * ($000)	RAB ($000)	RAB ($000)
8	**RAB value—previous disclosure year**		1,361,692		1,136,886
9	*less*				
10	**Regulatory depreciation**		56,973		46,187
11	*plus*				
12	Indexed revaluations	12,910		10,791	
13	Non-indexed revaluations	–		–	
14	**Total revaluations**		12,910		10,791
15	*plus*				
16	Assets commissioned (other than below)	21,784		16,305	
17	Assets acquired from a regulated supplier	–		–	
18	Assets acquired from a related party	–		–	
19	**Assets commissioned**		21,784		16,305
20	*less*				
21	Asset disposals (other)	92		92	
22	Asset disposals to a regulated supplier	–		–	
23	Asset disposals to a related party	–		–	
24	**Asset disposals**		92		92
25					
26	*plus* **Lost and found assets adjustment**		(3,579)		(1,726)
27					
28	**Adjustment resulting from cost allocation**				3,451
29					
30	**RAB value †**		1,335,742		1,119,428

31 **Commentary**

32–49

The lost and found assets adjustments reflect allocation changes that impacted both unallocated RAB and allocated RAB.They have been recorded here so that both impacts can be shown as there is no box above to record the impact on unallocated RAB of adjustments resulting from cost allocations.

The significant majority of the lost and found assets adjustment related to the assets held by the DHL business unit and this allocation change is explained in detail in the commentary to Schedule 9(b). The remainder reflects changing the allocation rule for assets held by the Air Cargo 4 business unit to Property Direct to be consistant with the cost allocation approach for this business unit. Again this required that the impact on unallocated RAB be recorded under the lost and found assets adjustment as there is no box to record the impact on unallocated RAB of adjustments resulting from cost allocation.

The $29.8M "adjustment resulting from cost allocation" this year relating to works under construction (WUC) in schedule 4b(v) below is the result of the inclusion in allocated WUC of Northern Runway and Noise Mitigation works that were previously only recorded in unallocated WUC because they relate to future use assets. In FY12 Auckland Airport clarified that the definition of regulated activities does indeed capture WUC relating to future use assets, hence this value should be included in both allocated and unallocated WUC. As WUC is not included in the regulatory asset base or regulatory investment value, this change has no impact on reported ROI and results in a more consistent treatment of the northern runway WUC. Similarly, land held for future use is an excluded asset and is not included in RAB or RIV.

** 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.*

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

51

52 4b: Notes to the Report

53 4b(i): Regulatory Depreciation

		Unallocated RAB ($000)	RAB ($000)
56	Standard depreciation	56,973	46,187
57	Non-standard depreciation	–	–
58	**Regulatory depreciation**	56,973	46,187

59

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2012**

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

ref *Version 2.0*

($000 unless otherwise specified)

4b(ii): Non-Standard Depreciation Disclosure

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): Non-Standard Depreciation Disclosure for Year of Change

Summary of Change	Justification for change in depreciation methodology	Extent of customer disagreement and supplier response

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

			Unallocated RAB		RAB
	CPI at CPI reference date—previous year (index value)				1,157
	CPI at CPI reference date—current year (index value)				1,168
	Revaluation rate (%)				0.95%
	RAB value—previous disclosure year		1,361,692		1,136,886
less	Revalued land	–		–	
less	Assets with nil physical asset life	11		9	
less	Asset disposals	92		92	
less	Lost asset adjustment	3,642		1,811	
	Indexed revaluation		12,910		10,791

4b(v): Works Under Construction

		Unallocated works under construction		Allocated works under construction	
	Works under construction—previous disclosure year		39,445		7,201
plus	Capital expenditure	48,820		30,252	
less	Asset commissioned	21,784		16,305	
less	Offsetting revenue	–		–	
plus	Adjustment resulting from cost allocation				29,814
	Works under construction		66,481		50,961

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2012**

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

ref | Version 2.0

4b(vi): Capital Expenditure by Primary Purpose

ref				
105		Capacity growth	12,928	
106	*plus*	Asset replacement and renewal	17,324	
107		Total capital expenditure		30,252

4b(vii): Asset Classes

ref			Land	Sealed Surfaces	Infrastructure & Buildings	Vehicles, Plant & Equipment	Total *
110		RAB value—previous disclosure year	354,103	227,863	538,786	16,135	1,136,886
111	*less*	Regulatory depreciation	–	11,042	29,119	6,026	46,187
112	*plus*	Indexed revaluations	3,122	2,166	5,350	153	10,791
113	*plus*	Non-indexed revaluations	–				–
114	*plus*	Assets commissioned	–	3,109	9,874	3,322	16,305
115	*less*	Asset disposals	–	–	0	92	92
116	*plus*	Lost and found assets adjustment	66	30	(1,855)	34	(1,726)
117	*plus*	Adjustment resulting from cost allocation	(6)	(0)	3,333	124	3,451
118		RAB value	357,284	222,126	526,368	13,650	1,119,428

** Corresponds to values in RAB roll forward calculation.*

4b(viii): Assets Held for Future Use

ref			Base Value	Holding Costs	Net Revenues	Tracking Revaluations	Total
121		Assets held for future use—previous disclosure year	175,869	31,012	(2,379)	(27,521)	181,739
122	*plus*	Assets held for future use—additions[1]	–	17,953	(854)	1,647	20,454
123	*less*	Transfer to works under construction	–	–	–	–	–
124	*less*	Assets held for future use—disposals	2,465	–	–	–	2,465
125		Assets held for future use[2]	173,404	48,964	(3,233)	(25,873)	199,728

[1] Holding Costs, Net Revenues, and Tracking Revaluations entries in the 'Assets held for future use—additions' line relate to the value incurred during the disclosure year.

126 *[2] Each category value shown in the 'Assets held for future use' line (Base Value, Holding Costs, Net Revenues, and Tracking Revaluations) is carried forward into the following year's disclosure as 'Assets held for future use—previous disclosure year' .*

ref			
127		Highest rate of finance applied (%)	9.88%

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Regulated Airport	**Auckland International Airport Limited**
For Year Ended	**30 June 2012**

SCHEDULE 5: REPORT ON RELATED PARTY TRANSACTIONS

ref *Version 2.0*

5(i): Related Party Transactions

	($000)
Net operating revenue	–
Operational expenditure	2,889
Related party capital expenditure	34
Market value of asset disposals	–
Other related party transactions	3,720

5(ii): Entities Involved in Related Party Transactions

Entity Name	Related Party Relationship
Auckland Council	Auckland Council's shareholding of Auckland International Airport exceeds 20 percent and as such accounting standard NZ IAS 24 requires the transactions with Auckland Council to be treated as related party transactions for the year ended 30 June 2012.
City Park Services	Auckland Airport also has a grounds maintenance contract with City Park Services, a commercial business of Auckland Council.
Other - key management personnel	Key management personnel

5(iii): Related Party Transactions

Entity Name	Description of Transaction	Average Unit Price ($)	Value ($000)
Auckland Council	Rates paid by Auckland Airport to Auckland Council for the regulated business	N/A	1,828
Auckland Council	Compliance, consent fees and other government regulatory obligations	N/A	43
City Park Services	Grounds maintenance for the regulated business	N/A	1,053
Key management personnel	Remuneration of directors and the senior management team	N/A	3,720

Commentary on Related Party Transactions

(a) Transactions with related parties

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

North Queensland Airports is an associate entity of the company. During the year ended 30 June 2012 there were no transactions with the Airport Business.

Tainui Auckland Airport Hotel Limited Partnership is an associate entity of the company. During the year ended 30 June 2012 there were no transactions with the Airport Business.

Queenstown Airport is an associate entity of the company. During the year ended 30 June 2012 there were no transactions with the Airport Business.

Auckland Council

Auckland Council's shareholding of Auckland International Airport exceeds 20 percent and as such accounting standard NZ IAS 24 requires the transactions with Auckland Council to be treated as related party transactions for the year ended 30 June 2012. Rates of $1.828 million (2011: $1.684 million) and compliance, consent costs and other local government regulatory obligations of $0.043 million (2011: $0.090 million) were incurred for the year ended 30 June 2012 by the Airport Business. Auckland Airport also has a grounds maintenance contract with City Park Services, a commercial business of Auckland Council. In the year ended 30 June 2012 grounds maintenance costs of $1.053 million (2011: $1.142 million) were incurred by the regulated airport business.

Further, on 28 October 2010 Auckland Airport and Manukau City Council came to an agreement where Auckland Airport agrees to vest approximately 24 hectares of land in the north of the airport to the Council as public open space for consideration of $4.092 million. The vesting of the land will be triggered when building development in that precinct achieves certain levels. The same agreement also rationalised the road network within the airport with some roads to be transferred between the parties and some roads to be acquired by Auckland Airport for $3.109 million. These transactions are not complete as at 30 June 2012 and the obligations and benefits of the agreement relating to Manukau City Council now rest with Auckland Council.

No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

For the year ended 30 June 2011, the Airport Business has not made any allowance for impairment loss relating to amounts owed by related parties.

The Airport Business has transactions with other companies in which there are common directorships. All transactions with these entities have been entered into on an arms-length commercial basis, without special privileges.

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2012**

SCHEDULE 6: REPORT ON ACTUAL TO FORECAST EXPENDITURE

ref *Version 2.0*

6a: Actual to Forecast Expenditure

($000)

Expenditure by Category	Actual for Current Disclosure Year (a)	Forecast for Current Disclosure Year* (b)	% Variance (a)/(b)-1	Actual for Period to Date (a)	Forecast for Period to Date* (b)	% Variance (a)/(b)-1
Capacity growth	12,928	6,720	92.4%		189,268	(100.0%)
Asset replacement and renewal	17,324	17,433	(0.6%)		66,012	(100.0%)
Total capital expenditure	30,252	24,153	25.3%	227,606	255,280	(10.8%)
Corporate overheads	27,094	–	Not defined		–	Not defined
Asset management and airport operations	20,916	–	Not defined		–	Not defined
Asset maintenance	31,658	–	Not defined		–	Not defined
Total operational expenditure	79,668	58,889	35.3%	334,512	271,663	23.1%
Key Capital Expenditure Projects						
Expanded Arrivals excl Pier B elements	–	–	Not defined	41,176	41,711	(1.3%)
Airfield Pavements Rehabilitation	4,186	13,025	(67.9%)	13,953	39,803	(64.9%)
Stage 1A (Stands 15 and 16 + Connector)	–	–	Not defined	47,031	36,524	28.8%
Northern Rwy Stage 1 (1200m)	–	–	Not defined	9,152	35,381	(74.1%)
DTB Building Works	732	–	Not defined	6,596	6,754	(2.3%)
Meeters and greeters, forecourt mgmt & emigration	1,553	–	Not defined	21,758	17,063	27.5%
Terminal Precinct Roading & Services	4,447	604	636.7%	9,190	11,838	(22.4%)
Pier B Hardstand Stage 2 (Stand 19)	–	–	Not defined	6,986	8,383	(16.7%)
Engine run-up incl part cross taxiway	–	–	Not defined	–	8,042	(100.0%)
Noise prevention	1,053	299	252.7%	6,229	5,186	20.1%
Other capital expenditure	18,280	10,225	78.8%	65,536	44,595	47.0%
Total capital expenditure	30,252	24,153	25.3%	227,606	255,280	(10.8%)

Explanation of Variances

The forecast for the 30 June 2012 disclosure year has been sourced from the FY08-FY12 price setting disclosure. At the time of the price setting event, the Input Methodologies and Information Disclosure requirements had not been created, therefore the new disclosure requirements were not contemplated and relevant information was not collated in the manner now required to be disclosed.

The annual disclosure requirements relate to all Specified Airport Activities. The forecast disclosure requirement relates to the subset of airport activities covered in price consultation. The FY07 price setting event excluded Aircraft and Freight activities and activities recovered by way of lease. Therefore the basis for the actual regulated expenses and capital expenditure has a different scope to the basis of the forecasts. As discussed with the Commerce Commission, this will be addressed from the FY13 disclosure onwards.

In this schedule we explain the variance analysis for operating expenditure, then capital expenditure. Where the variance is minor (<10%), this has been labeled as "Immaterial difference" on the basis that the price setting event forecast capital expenditure was subject to estimates of +/- 30%.

Operational expenditure

The following table provides an explanation of the variance.

Area	Annual variance	FY12 Variance Explanation	Period to date variance	FY08-FY12 Variance Explanation
Total variance	$20.7m	Operating costs have been $20.7m higher than forecast. This is primarily caused by the scope of disclosed activities being broader than that which was included in the scope of the price setting event for FY08 – FY12.	$62.8m	The scope of disclosed activities is broader than that which was included in the scope of the price setting event for FY08 – FY12.
Aircraft and freight costs	$2.8m	14% of the annual variance relates to aircraft and freight operating costs which were not part of the price setting forecast.	$12.6m	20% of the period to date variance relates to aircraft and freight operating costs which were not part of the price setting forecast.
Business development costs	$9.5m	46% of the annual variance relates to aeronautical business development activities associated with competing to attract new air services for Auckland and New Zealand, through proactively targeting routes and markets.	$23.5m	37% of the period to date variance is for aeronautical business development activities. These strategic activities were not performed at the time of the price setting forecast and therefore not included in pricing. The airlines therefore have received the benefit of the services without the costs having been recovered from them.
Leased areas excluded from pricing	$3.6m	17% of the annual variance relates to operating costs attributable to regulated tenancies, which fell outside of the price setting disclosure for FY08 – FY12.	$14.0m	23% of the period to date variance is for leased areas which were excluded from the price setting event in FY08-FY12.
Remaining variance $	$4.8m	The remaining variance is less than 10% of annual costs.	$12.4m	The remaining variance is less than 10% of period to date costs.

Capital expenditure:

The following table provides an explanation of the capital expenditure variance. Auckland Airport notes that the FY12 schedule includes all regulated capital expenditure since FY08. In FY11 Auckland Airport considered that it needed to exclude expenditure associated with the Northern Runway (and related noise prevention costs). Auckland Airport now understands that this should still be reported as works under construction. This increased the period to date capital expenditure for FY11 from $183m-$197.3m.

Area	Annual variance	FY12 Variance Explanation	Period to date variance	FY08-FY12 Variance Explanation
Total Capital Expenditure variance	$6.0m	A range of factors contributed to actual capital expenditure being higher than forecast for FY12. These are outlined below.	($27.7m)	Auckland Airport's disclosed period to date capital expenditure $227.6m versus a forecast of $255.3m, an 11% variance. Key drivers of the variance are: • A revision of priorities, in particular the Northern Runway; • Softer passenger and aircraft volume growth requiring a reprioritisation of capital expenditure; • Initiatives to save cost and extend the lives of existing assets. Structural differences between the forecast and additions to the Regulatory Asset base, whereby Aircraft and freight costs were excluded from the forecast but are included in actual expenditure. • New initiatives prioritized which were not included in the forecast In FY09 there was a fall in Passenger Service Charge paying passenger numbers and therefore aeronautical income compared to the forecast used for pricing. By the year ended FY09 these passenger volumes were 6% less than forecast. As a result of this the company reviewed capital expenditure priorities to deliver projects at the optimal time based on new passenger forecasts and also reviewed passenger processes to seek efficiencies in capital utilisation and to increase overall capital efficiency. In the full period to date Passenger Service Charge paying passengers were also 6% less than forecast at the time of the first price setting event in FY07.
Expanded Arrivals excluding Pier B elements	Nil.	Not a current project.	($0.5m)	Immaterial difference.
Airfield Pavements Rehabilitation	($8.8m)	During 2009 the team responsible reprioritised projects as a result of the weaker economic conditions and lower aircraft movements. Initiatives included: • Introducing greater competition into the tendering process without sacrificing quality; • Prioritising pavement areas at a more granular level of detail; • Extending the life of pavement through the use of epoxy injection repairs (increasing operating cost). $13m of works were forecast for FY12. $4.2m of works were undertaken for FY12; these were primarily situated around Taxiway Alpha and Taxiway Kilo.	($25.9m)	The recommended annual pavement rehabilitation programme is reviewed annually. During 2009 the team responsible reprioritised projects as a result of the weaker economic conditions and aircraft movements. Initiatives included: • Introducing greater competition into the tendering process without sacrificing quality; • Prioritising pavement areas at a more granular level of detail; • Extending the life of pavement through the use of epoxy injection repairs (expenses as operating cost). During 2011, a review was undertaken of best practice pavement methodology and management systems. As a result Auckland Airport has decided to invest in a new management system called MICROPAVER. The first programme based on the new system will be completed in 2013. Further discussion of this initiative is discussed in Schedule 15.
Stage 1A (Stands 15 and 16 + Connector)	Nil.	Not a current project.	$10.5m	A new pier, Pier B, providing gate lounges and access to four contact stands was delivered in November 2008. The variance is a result of expenditure being planned for FY07 occurring in FY08. Overall the total project was delivered at cost of $53.5m versus a budget of $54.5m. This construction was also a critical milestone in Auckland Airport's sustainability initiatives and received LEED accreditation in 2009.

Northern Runway Stage 1 (1200m)	Nil.		($26.2m)	The total project forecast for the Northern Runway was $35.4m. $11m in capital expenditure was incurred by FY08. A further $8.9m was incurred from FY08. Total expenditure to date is $19.9m. The variance is caused by a difference in timing between actual and forecasts and the project being put on hold.
DTB Building Works	$0.7m	Immaterial difference.	$(0.2m)	Immaterial difference.
Meeters and greeters, forecourt management & emigration	$1.6m	Immaterial difference.	$4.7m	28% more than forecast has been spent in these areas of the international terminal due to scope requirements not forecast at the time of the FY07 price setting event.
Terminal Precinct Roading & Services	$3.8m	A new option to increase the storage of Jet-A1 fuel has been developed and deployed which increases the life-time of the existing JUHI facility, thereby deferring the requirement for offsite storage and a connecting fuel line. To provide the additional area to accommodate the two new tanks required Fred Ladd Way road and the inter-terminal pedestrian walkway to be realigned. This accounted for $3.9m of the FY12 expenditure.	($2.6m)	The terminal precinct roading requirements have been re-prioritised during the course of the last five years and were 22% below forecast. Projects over the period included the diversion of Ray Emery Drive, the reconfiguration of the short term car park and the reconfiguration of the ITB forecourt to improve public transport access and to bring it in line with international safety trends and the realignment of Fred Ladd Way and the inter-terminal pedestrian walk-way.
Pier B Hardstand Stage 2 (Stand 19)	Nil	Not a current project.	($1.4m)	The pier B hardstand was delivered on time and under budget.
Engine run-up including part cross taxiway	Nil.	Immaterial difference.	($8.0m)	This project was due to be delivered in FY10. In FY09, at the height of the financial crisis, and the need to manage capital expenditure in light of weak demand compared to forecast, this project was de-prioritised. A new engine run-up facility was perceived to provide advantages with respect to greater availability and noise attenuation. However, Auckland Airport does currently have a controlled engine run area which it manages. It was concluded that the existing solution was sufficient and met demand for the time being.
Noise prevention	$0.8m	$1.053m was spent on noise prevention in FY12, $0.8m more than the $0.3m forecast. Annually offers are made to house owners and schools affected by aircraft noise. In FY12 the take-up was primarily driven by house owners.	$1.0m	Actual take-up of acoustic treatment offers has been higher than expected, costing in total 20% more than forecast over the period.
Other	$8.0m	In FY12 the $8.0m variance in minor projects is attributable to two key projects, that were not forecast in FY07; the aeronautical share of the new corporate office and work on the longer term domestic terminal options	$20.9m	In FY07 capital priorities were established with an expectation that 15% would be minor in nature. Over time the effective rate has been twice as high as this.

Note: We advise interested parties that there was an exemption in place for the FY11 disclosure for the components of the Report on Actual to Forecast Expenditure set out in clause 6a of Schedule 6 that relate to expenditure by category (although total capital expenditure and total operating expenditure are still required to be publicly disclosed) per clause 2.10 Transitional Provisions (5) (d). Interested parties should refer to the total capital expenditure, for FY11, not the incomplete segmentation provided.

Airport Companies must provide a brief explanation for any line item variance of more than 10%

** Disclosure year coincides with Pricing Period Starting Year + 4.*

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2012**

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

ref *Version 2.0*

6b: Forecast Expenditure

From most recent disclosure following a price setting event

Starting year of current pricing period (year ended): 30 June 2008

	Expenditure by Category	for year ended	Pricing Period Starting Year 30 Jun 08	Pricing Period Starting Year + 1 30 Jun 09	Pricing Period Starting Year + 2 30 Jun 10	Pricing Period Starting Year + 3 30 Jun 11	Pricing Period Starting Year + 4 30 Jun 12
113	Capacity growth		106,313	40,588	20,582	15,065	6,720
114	Asset replacement and renewal		14,921	7,765	10,323	15,570	17,433
115	Total forecast capital expenditure		121,235	48,353	30,904	30,635	24,153
116							
117	Corporate overheads						
118	Asset management and airport operations						
119	Asset maintenance						
120	Total forecast operational expenditure		48,752	52,532	54,552	56,938	58,889

	Key Capital Expenditure Projects	for year ended	Pricing Period Starting Year 30 Jun 08	Pricing Period Starting Year + 1 30 Jun 09	Pricing Period Starting Year + 2 30 Jun 10	Pricing Period Starting Year + 3 30 Jun 11	Pricing Period Starting Year + 4 30 Jun 12
123	Expanded Arrivals excl Pier B elements		41,711	–	–	–	–
124	Airfield Pavements Rehabilitation		4,718	3,527	6,708	11,825	13,025
125	Stage 1A (Stands 15 and 16 + Connector)		33,064	3,460	–	–	–
126	Northern Rwy Stage 1 (1200m)		7,287	8,225	11,557	8,311	–
127	DTB Building Works		6,754	–	–	–	–
128	Meeters and greeters, forecourt mgmt & emigration		3,517	8,807	4,274	464	–
129	Terminal Precinct Roading & Services		6,434	1,073	–	3,727	604
130	Pier B Hardstand Stage 2 (Stand 19)		722	7,661	–	–	–
131	Engine run-up incl part cross taxiway		1,340	5,809	893	–	–
132	Noise prevention		2,458	1,138	918	373	299
133	Other capital expenditure		13,229	8,653	6,554	5,934	10,225
134	Total forecast capital expenditure		121,235	48,353	30,904	30,635	24,153

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2012**

SCHEDULE 7: REPORT ON SEGMENTED INFORMATION

ref *Version 2.0*

($000)

	Specified Passenger Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business*
Airfield	–	77,298	–	77,298
Passenger Services Charge	83,080	–	–	83,080
Terminal Services Charge	28,604	–	–	28,604
	–	–	–	–
Lease, rental and concession income	17,926	1,497	9,966	29,389
Other operating revenue	656	810	1,149	2,615
Net operating revenue	130,266	79,605	11,114	220,986
Gains / (losses) on asset sales	87	(6)	(0)	81
Other income	–	–	–	–
Total regulatory income	130,353	79,599	11,114	221,067
Total operational expenditure	55,739	21,102	2,827	79,668
Regulatory depreciation	28,780	16,079	1,329	46,187
Total revaluations	4,189	6,016	586	10,791
Allowance for long term credit spread	35	49	5	89
Regulatory tax allowance	13,618	11,852	1,936	27,405
Regulatory profit/ loss	36,371	36,533	5,604	78,508
Regulatory investment value	444,976	633,438	63,708	1,142,121

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

Commentary on Segmented Information

This schedule provides a segmental breakdown of the entire airport business regulatory profit and return on investment data contained in schedules 1 and 2. Vanilla return on investment can be estimated for each regulated segment for the year ended 30 June 2012 by dividing regulatory profit / loss by regulatory investment value above. Post tax return on investment can be estimated by allocating the notional interest tax shield total from schedule 1 across the segments, eg based on relative regulatory investment value in each segment.

The commentary to schedule 1 provides Auckland Airport's assessment of the weighted average FY12 ROI for the entire airport business versus WACC. Auckland Airport's weighted average post-tax FY12 ROI of 6.6% is spread reasonably evenly across Specified Passenger Terminal (7.9%), Airfield (5.5%) and Aircraft and Freight (8.5%) segments. CPI indexed revaluations represent 0.9 percentage points of each of those segmental post-tax ROIs (ie just under one seventh of the weighted average post tax ROI of 6.6%). As described in detail in Auckland Airport's Price Setting Disclosure for FY13-FY17, a portion of passenger charges relates to costs that are shared by airfield activities. This is equally true in prior years, and tends to balance ROI across the Specified Passenger Terminal and Airfield segments in FY12. Aircraft and Freight charges are determined via arms-length transactions between Auckland Airport and its Aircraft and Freight tenants and these negotiations are underpinned by market based valuations and contractual dispute resolution procedures. As agreed with the major airlines and their representatives, the Aircraft and Freight charges are not subject the five yearly aeronautical price consultation process.

Regulated Airport For Year Ended: **Auckland International Airport Limited** — **30 June 2012**

SCHEDULE 8: CONSOLIDATION STATEMENT

ref *Version 2.0*

8a: CONSOLIDATION STATEMENT

($000)

	Airport Businesses	Regulatory/ GAAP Adjustments	Airport Business– GAAP	Unregulated Activities– GAAP	Airport Company– GAAP
Net income	221,067	–	221,067	204,255	425,322
Total operational expenditure	79,668	0	79,668	28,949	108,616
Operating surplus / (deficit) before interest, depreciation, revaluations and tax	141,399	(0)	141,399	175,306	316,706
Depreciation	46,187	4,033	50,220	14,263	64,483
Revaluations	10,791	(10,791)	–	1,350	1,350
Tax expense	27,405	(2,706)	24,699	44,800	69,501
Net operating surplus / (deficit) before interest	78,597	(12,117)	66,480	117,593	184,072
Property plant and equipment	1,119,428	410,758	1,530,186	1,491,679	3,021,865

8b: NOTES TO CONSOLIDATION STATEMENT

8b(i): REGULATORY / GAAP ADJUSTMENTS

($000)

Description of Regulatory / GAAP Adjustment	Affected Line Item	Regulatory / GAAP Adjustments *
Differences arise from the requirement under GAAP to depreciate assets from their commissioning dates, but the Input Methodologies do not provide for new assets to be depreciated in the year they are commissioned. A further difference in depreciation is attributed to the CPI revaluation roll forward from 2009 and the capitalised WACC interest adjustment increasing the depreciable values. For financial reporting (GAAP) purposes a revaluation was carried out at 30 June 2011 which increased asset values and as a result increased depreciation in 2012.	Depreciation	4,033
Difference between fair value valuations on all assets based on the existing use of the assets for financial reporting purposes and the market value alternative use valuations on land assets and the CPI valuation on non-land assets. There were no valuation on property, plant and equipment for financial reporting purposes in 2012.	Revaluations	(10,791)
The regulatory/GAAP adjustment relates to the removal of deferred tax in the tax expense calculation in favour of a tax payable approach per the Input Methologies determination.	Tax expense	(2,706)
Difference between fair value valuations on all assets based on their existing use for financial reporting purposes and the market value alternative use valuation on land assets and the CPI valuation on non-land assets. Also difference relating to the depreciation based on the CPI roll forward and the capitalised WACC interest adjustment and no depreciation in the year of commissioning.	Property plant & equipment	410,758

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

Commentary on the Consolidation Statement

Depreciation

The difference in depreciation in FY12 is in largely due to a requirement under GAAP to depreciate assets from their commissioning date resulting in depreciation for part years of new assets. The Input Methodologies do not provide for new assets to be depreciated in the year they are commissioned resulting in higher GAAP depreciation than regulatory depreciation

for those assets. Another major factor in the difference relates to the revaluation for financial reporting purposes at 30 June 2011. The revaluation increased the value of non-land assets and therefore the higher values increased the depreciation expense for financial reporting (GAAP) purposes in 2012.

A further partially offsetting difference relates to the CPI roll forward increasing the value of the regulatory fixed assets from the 2009 initial RAB value. Also, where permitted under GAAP, commissioned assets now include capitalised WACC rather than capitalised interest consistent with allowances under the Input Methodologies determination. This increases the value of the regulatory fixed assets commissioned and therefore the regulatory depreciation.

Revaluations

The valuations for the Airport Company - GAAP include the revaluation movements on investment property ($1.350m increase). There was no revaluation of property, plant and equipment assets in 2012.

The valuation approach to determining fair value of an asset under GAAP is determined by reference to market based evidence, such as sales of comparable assets or discounted cash flows, the fair value is determined using this information. Where fair value of the asset is not able to be reliably determined using market based evidence, optimised depreciated replacement cost is used to determine fair value.

The revaluations for the Airport businesses consist of a CPI roll-forward as at 30 June 2012 consistent with the Input Methodologies determination.

Tax Expense

The tax expense for the Airport Company-GAAP includes the impact of deferred tax changes in the underlying asset and liability values for financial reporting. The increase in deferred tax results from the increase in the accounting carrying value which increases the taxable temporary differences as the taxable carrying values do not change. The Airport businesses do not recognise deferred tax movements as a tax payable approach is adopted per the Input Methodologies determinations.

The tax expense for the Airport Businesses also includes a notional interest deduction as calculated in Schedule 1(b)(i) whereas the GAAP tax expense is before interest revenue and expenses.

Property, plant and equipment

As noted above, the GAAP values for property, plant and equipment are carried at fair value. The property, plant and equipment for the Airport Businesses consist of land carried at market value alternative use rolled forward at CPI and non-land assets at the 2009 initial RAB values rolled forward at CPI. The final differences relate to depreciation differences noted above.

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2012**

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS

ref *Version 2.0*

9a: Asset Allocations

($000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
Land						
Directly attributable assets	199	305,414	24,597	330,210		330,210
Assets not directly attributable	20,574	5,910	590	27,074	10,622	37,696
Total value land				357,284		
Sealed Surfaces						
Directly attributable assets	–	222,126	–	222,126		222,126
Assets not directly attributable	–	–	–	–	–	–
Total value sealed surfaces				222,126		
Infrastructure and Buildings						
Directly attributable assets	42,228	42,047	30,189	114,463		114,463
Assets not directly attributable	359,994	47,101	4,810	411,905	201,144	613,048
Total value infrastructure and buildings				526,368		
Vehicles, Plant and Equipment						
Directly attributable assets	1,255	1,575	–	2,830		2,830
Assets not directly attributable	7,800	2,820	201	10,820	4,549	15,369
Total value vehicles, plant and equipment				13,650		
Total directly attributable assets	43,681	571,161	54,786	669,629		669,629
Total assets not directly attributable	388,367	55,830	5,601	449,799	216,314	666,113
Total assets	432,048	626,992	60,387	1,119,428	216,314	1,335,742

Asset Allocators

Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
Buildings	ITB and DTB Space	Proxy Cost Allocator	The utilisation of the terminal buildings changes from year to year between regulated and non-regulated activities depending on evolving passenger needs. Space is used as a proxy for estimating how the asset cost should be attributed between regulated and non-regulated activities. Separate analysis is undertaken for terminal zones built at different points in time (for example brownfield areas vs. greenfield development zones of Pier B and Expanded Arrivals).	Various asset elements
Infrastructure:	Company wide rule	Proxy Cost Allocator	The communications network provides benefit to the broader business. The company wide rule as described in the commentary to Schedule 10 is used as a proxy to share use between regulated and non-regulated activities. This proxy allocator is necessary as there is no usage / billing analysis available.	Communications network outside buildings
Infrastructure:	Charged Usage	Proxy Cost Allocator	The electricity network provides benefit to the broader business. The value of this asset is allocated based on share of Charged Usage by business unit and the allocation of those business units to regulated and non-regulated activities.	Electricity network outside buildings and related infrastructure in business unit
Infrastructure:	Charged Usage	Proxy Cost Allocator	The gas network provides benefit primarily to the terminal for general heating. The value of this asset is allocated based on share of Charged Usage by business units and the allocation of those business units to regulated and non-regulated activities.	Gas network outside buildings
Infrastructure:	Space	Proxy Cost Allocator	Where roads cannot be directly attributed (e.g. main arterials servicing the airport) they are considered to be shared across the business. ITB Space is used as a proxy for how roads are allocated. Where roads can be directly attributed to an activity (e.g. those servicing the runway or hangars) they are given an appropriate direct allocation. Roads directly servicing the domestic terminal are split based on the usage of space within the domestic terminal building.	Roading and adjacent Infrastructure

35	Infrastructure:	Space	Proxy Cost Allocator	Lighting within shared areas is split based on the space based allocation of regulated and non-regulated activities use of those areas.	Lighting
36	Infrastructure:	Space	Proxy Cost Allocator	Pavement associated with shared business units such as forecourt, terminals and storm water and is shared between regulated and non-regulated activities based on the respective analysis of space associated with the business unit.	Pavement - mainly for parking other than roading and footpaths
37	Infrastructure:	Space	Proxy Cost Allocator	There are a small number of shared assets which provide terminal signage and or access to terminal buildings. These assets are allocated using the ITB space allocation rule.	Signage outside buildings including traffic lights
38	Infrastructure:	Space	Proxy Cost Allocator	The storm water network provides benefit to the broader business. The asset is allocated between regulated and non-regulated activities based on analysis of relative percentage of sealed surfaces associated with regulated and non-regulated activities.	Stormwater network outside buildings
39	Infrastructure:	Space	Proxy Cost Allocator	The waste water network provides benefit to the broader business. The asset is allocated between regulated and non-regulated activities based on analysis of relative percentage of water used by each business unit which is in turn allocated to regulated and non-regulated activities.	Wastewater network outside buildings
40	Infrastructure:	Space	Proxy Cost Allocator	The water network provides benefit to the broader business. The asset is allocated between regulated and non-regulated activities based on analysis of relative percentage of water used by each business unit which is in turn allocated to regulated and non-regulated activities.	Water network outside buildings
41	Land	Space	Proxy Cost Allocator	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
42	Plant & Equipment:	FTE Analysis	Proxy Cost Allocator	Motor vehicles used by Aeronautical management are shared between regulated and non-regulated activities based on the share of time spent between each regulated activity as indicated by staff in the operating cost business unit analysis.	Motor vehicles used by Aeronautical management
43	Plant & Equipment:	Internal R&M Analysis	Proxy Cost Allocator	Motor vehicles used by Engineering Support Services are shared between regulated and non-regulated activities based on the product of: • how their activity has been consumed, proxied by share of engineering support services by business unit; and • the business unit rule.	Motor vehicles used by Engineering Support Services
44	Plant & Equipment:	Internal R&M Analysis	Proxy Cost Allocator	In the same way as Plant & Equipment - Motor Vehicles internal R&M analysis above.	Plant
45	Plant & Equipment:	Space	Proxy Cost Allocator	Plant and equipment which is not directly attributed is allocated to regulated and non-regulated activities on the same basis as building structure - based on the share of terminal space.	Plant
46	Plant & Equipment:	Company-wide	Proxy Cost Allocator	Where Plant and Equipment (primarily IT related) cannot be directly attributed to a Specified Airport Service and non-Specified Airport Service and provides benefit to the broader business the company wide rule is used to allocate these assets.	Plant
47					
48					
49					
50					
51					
52					
53					
54					

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2012**

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)

ref *Version 2.0*

9b: Notes to the Report

9b(i): Changes in Asset Allocators

($000)

				Effect of Change		
				CY-1	Current Year (CY)	CY+1
				30 Jun 11	30 Jun 12	30 Jun 13
Asset category	Land					
Original allocator or components	ITB Space Allocation Rule		Original	195	197	197
New allocator or components	Management Offices Allocation Rule		New	86	87	87
Rationale	Developed new allocation rule for Quad 5 office building		Difference	109	110	110
Asset category	Land					
Original allocator or components	Company wide allocation rule		Original	582	588	588
New allocator or components	Engineering Support Allocation Rule		New	692	698	698
Rationale	Consistency with business unit cost allocation rule		Difference	(109)	(110)	(110)
Asset category	Infrastructure & Buildings					
Original allocator or components	Custom DHL Allocation Rule		Original	1,073	1,052	1,021
New allocator or components	Aircraft & Freight Direct		New	2,158	2,116	2,053
Rationale	Splitting of DHL Assets between property & A&F activities		Difference	(1,085)	(1,064)	(1,032)
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

Auckland Airports 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.
3) Identifying business units whose assets are indirectly attributable to Specified Airport Activities (ie. that are common or shared) and allocating those assets to Specified Airport Services using causal or proxy cost allocators.

The Asset Allocators table above summarises the common assets that have been shared across two or more regulated activities, or across both regulated and non-regulated activities in schedule 9(a).

Changes in Asset Allocators
The largest change due to allocation rule changes relates to DHL assets. Last year a single blended rule was used to allocate DHL assets. This was consistent with the cost allocation approach. This year it became evident that a single blended allocation rule for DHL assets isn't appropriate as investment property assets (ie. the office) included non-indexed revaluations. In order to remove investment property revaluations from the aeronautical assets, the assets were split with investment property assets being directly allocated to property and the hanger facilities being directly allocated to A&F activities. This led to a decrease in the unallocated RAB (this has been recorded in the lost and found assets adjustment on schedule 4). It also resulted in an increase in the allocated RAB for the hanger assets (above) as the allocation of these assets changed from a shared rate to Aircraft & Freight direct.

The total impact from the above allocation rule changes is an increase in the RAB of approximately $1.1M. The remaining "Adjustment resulting from cost allocation" found on row 26 of schedule 4 (approx. $2.5M) is due to the annual review and recalculation of the allocation percentages represented by each rule rather than changes in the rules themselves applied to assets.

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2012**

SCHEDULE 10: REPORT ON COST ALLOCATIONS

ref *Version 2.0*

10a: Cost Allocations

($000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
Corporate Overheads						
Directly attributable operating costs	34	–	–	34		34
Costs not directly attributable	16,551	10,011	498	27,060	7,883	34,943
Asset Management and Airport Operations						
Directly attributable operating costs	6,301	2,633	494	9,428		9,428
Costs not directly attributable	6,687	3,753	1,048	11,488	11,570	23,059
Asset Maintenance						
Directly attributable operating costs	23,025	2,641	586	26,252		26,252
Costs not directly attributable	3,141	2,065	200	5,406	9,495	14,901
Total directly attributable costs	29,360	5,274	1,080	35,714		35,714
Total costs not directly attributable	26,379	15,829	1,746	43,954	28,949	72,903
Total operating costs	55,739	21,102	2,827	79,668	28,949	108,617

Cost Allocators

Operating Cost Category	Allocator*	Allocator Type	Rationale	Operating Cost Line Items
Asset Maintenance	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Nature of costs support company-wide use	All costs lines within the INVENTORY STORE business unit.
Asset Maintenance	Split by R&M charges to internal BUs & then by BU allocation rules	Proxy	Predominately employee costs associated with maintenance of airport assets.	All costs lines within the FACILITIES MNTCE - ADMIN business unit.
Asset Maintenance	Split by R&M charges to internal BUs & then by BU allocation rules	Proxy	Predominately employee costs associated with maintenance of airport assets.	All costs lines within the BUILDING AND TERMINAL SERVICES business unit.
Asset Maintenance	Split by R&M charges to internal BUs & then by BU allocation rules	Proxy	Predominately employee costs associated with maintenance of airport assets.	All costs lines within the ELECTRONIC SYSTEMS business unit.
Asset Maintenance	Split by R&M charges to internal BUs & then by BU allocation rules	Proxy	Predominately employee costs associated with maintenance of airport assets.	All costs lines within the WORKS & UTILITY SERVICES business unit.
Asset Management & Airport Operations	Internal charges weighted by internal BU rules & external charges coded commercial direct	Causal	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 repairs and maintenance costs
Asset Management & Airport Operations	Internal charges weighted by internal BU rules & external charges coded commercial direct	Causal	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 repairs and maintenance costs
Asset Management & Airport Operations	Internal charges weighted by internal BU rules & external charges coded commercial direct	Causal	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 repairs and maintenance costs
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.	Causal	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 repairs and maintenance costs.

32		Asset Management & Airport Operations	Employee time split	Proxy	Predominately employee related costs	All costs lines within the AERO COMMERICAL MANAGEMENT business unit except repairs and maintenance costs.
33		Asset Management & Airport Operations	Employee time split	Proxy	Predominately employee related costs	All costs lines within the ENVIRONMENT MANAGEMENT business unit except repairs and maintenance costs.
34		Asset Management & Airport Operations	Employee time split	Proxy	Predominately employee related costs	All costs lines within the POLICY MANAGEMENT business unit except repairs and maintenance costs.
35		Asset Management & Airport Operations	Employee time split	Proxy	Predominately employee related costs	All costs lines within the TRANSPORT MANAGEMENT business unit except repairs and maintenance costs.
36		Asset Management & Airport Operations	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Recovery on a network asset with company wide use.	All costs lines within the GAS LINE - PUHINUI RD BRIDGE business unit except repairs and maintenance costs.
37		Asset Management & Airport Operations	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the GROUND CARE business unit except repairs and maintenance costs.
38		Asset Management & Airport Operations	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the SECURITY business unit except repairs and maintenance costs.
39		Asset Management & Airport Operations	Split by R&M charges to internal BUs & then by BU allocation rules	Proxy	Predominately employee costs associated with maintenance of airport assets.	All costs lines within the ASSET DATA SERVICES business unit except repairs and maintenance costs.
40		Asset Management & Airport Operations	Split by R&M charges to internal BUs & then by BU allocation rules	Proxy	Predominately employee costs associated with maintenance of airport assets.	All costs lines within the PROJECTS AND PLANNING business unit except repairs and maintenance costs.
41		Asset Management & Airport Operations	Aeronautical revenues split	Proxy	Costs associated with all aeronautical activities	All costs lines within the RESCUE FIRE ADMIN business unit except repairs and maintenance costs.
42		Asset Management & Airport Operations	Share of rental revenues between aeronautical and non-aeronautical revenues	Proxy	Revenues and costs relate to tenancies within the ITB.	All costs lines within the ITB TENANCIES ADMINISTRATIVE business unit except repairs and maintenance costs.
43		Asset Management & Airport Operations	Share of area between aeronautical and non-aeronautical activities	Proxy	Property is used for both aeronautical and administrative purposes.	All costs lines within the INTERNATIONAL JETBASE business unit except repairs and maintenance costs.
44		Asset Management & Airport Operations	Split of rental revenues between aeronautical and non-aeronautical activities	Proxy	BU dominated by rental revenue	All costs lines within the DHL business unit except repairs and maintenance costs.
45		Asset Management & Airport Operations	Split of aeronautical and non-aeronautical activities undertaken by ground handler	Proxy	Revenues received allow ground handler to conduct a variety of aeronautical activities	All costs lines within the MENZIES GROUND HANDLING LICENCE business unit except repairs and maintenance costs.
46		Asset Management & Airport Operations	Rules applying to individual assets within this BU weighted by NBV	Proxy	Costs associated with maintaining roads in the airport district	All costs lines within the ROADWAYS business unit except repairs and maintenance costs.

47	Asset Management & Airport Operations	Share of aeronautical and non aeronautical activities undertaken by ground handler	Proxy	Revenues received allow ground handler to conduct a variety of aeronautical activities	All costs lines within the SKYCARE GROUND HANDLING LICENCE business unit except repairs and maintenance costs.

48

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SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)

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Cost Allocators (cont)

ref	Operating Cost Category	Allocator*	Allocator Type	Rationale	Operating Cost Line Items
57	Corporate Overheads	Employee time split	Proxy	Staff have assessed time spent on aero, non aero and corporate functions and corporate overheads shared in proportion to this	All costs lines within the RETAIL MANAGEMENT business unit except repairs and maintenance costs.
58	Corporate Overheads	Employee time split	Proxy	Staff have assessed time spent on aero, non aero and corporate functions and corporate overheads shared in proportion to this	All costs lines within the AERO MANAGEMENT business unit except repairs and maintenance costs.
59	Corporate Overheads	Employee time split	Proxy	Staff have assessed time spent on aero, non aero and corporate functions and corporate overheads shared in proportion to this	All costs lines within the MARKETING AND BRANDING business unit except repairs and maintenance costs.
60	Corporate Overheads	Employee time split	Proxy	Staff have assessed time spent on aero, non aero and corporate functions and corporate overheads shared in proportion to this	All costs lines within the INSIGHT business unit except repairs and maintenance costs.
61	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the CORPORATE RELATIONS business unit except repairs and maintenance costs.
62	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the COMMUNITY RELATIONS business unit except repairs and maintenance costs.
63	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Nature of costs support company-wide use	All costs lines within the MARAE business unit except repairs and maintenance costs.
64	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the IT SYSTEMS business unit except repairs and maintenance costs.
65	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the BUSINESS SOLUTIONS business unit except repairs and maintenance costs.
66	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the ACCOUNTING business unit except repairs and maintenance costs.
67	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the BUSINESS INTELLIGENCE business unit except repairs and maintenance costs.
68	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the PURCHASING/PAYROLL business unit except repairs and maintenance costs.
69	Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the MANAGING DIRECTOR & BOARD business unit except repairs and maintenance costs.

70		Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the GOVERNMENT RELATIONS business unit except repairs and maintenance costs.
71		Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Support function to the entire Company	All costs lines within the HUMAN RESOURCES business unit except repairs and maintenance costs.
72		Corporate Overheads	Company-wide (terminal space & aeronautical revenue splits)	Proxy	Nature of costs support company-wide use	All costs lines within the INTERNAL ELIMINATION business unit except repairs and maintenance costs.
73		Corporate Overheads	Split by R&M charges to internal BUs & then by BU allocation rules	Proxy	Predominately employee costs associated with maintenance of airport assets.	All costs lines within the ENGINEERING SUPPORT SERVICES business unit except repairs and maintenance costs.
74		Corporate Overheads	Aeronautical revenues split	Proxy	Costs associated with all aeronautical activities	All costs lines within the MERITS REVIEW business unit except repairs and maintenance costs.
75		Corporate Overheads	Aeronautical revenues split	Proxy	Costs associated with all aeronautical activities	All costs lines within the COMMERCE AMENDMENT ACT business unit except repairs and maintenance costs.
76		Corporate Overheads	Aeronautical revenues split	Proxy	Costs associated with all aeronautical activities	All costs lines within the BUSINESS DEVELOPMENT MANAGEMENT business unit except repairs and maintenance costs.
77		Corporate Overheads	Mix of aeronautical revenues split and company-wide rule.	Proxy	Marketing incentive costs are associated with aeronautical activities (airfield and passenger terminal), all other costs support the entire company.	All costs lines within the ROUTE DEVELOPMENT business unit except repairs and maintenance costs.
78		Corporate Overheads	Aeronautical revenues split excluding aircraft and freight revenues	Proxy	Costs associated with both Airfield and Passenger Terminal Pricing	All costs lines within the AERONAUTICAL PRICING business unit except repairs and maintenance costs.
79		Asset Management & Airport Operations	70% terminal / 30% commercial	Proxy	Management fees paid to ADT to management public and commercial forecourt areas	Management Fees within thePSVL (TRANSPORT LICENCE) business unit.
80		Asset Management & Airport Operations	Internal charges weighted by internal BU rules	Causal	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.
81		Asset Management & Airport Operations	Internal charges weighted by internal BU rules	Causal	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.
82		Asset Management & Airport Operations	Internal charges weighted by internal BU rules	Causal	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.
83		Asset Management & Airport Operations	Employee time split	Proxy	Salaries associated with management of investment properties as well as aircraft and freight facilties	Salary costs within the PROPERTY Management business unit.
84		Corporate Overheads	Insurance-specific company-wide allocation based on nature of activities insured	Proxy	Insurance premiums cover both aeronautical and non aeronautical activities	Insurance Premiums within the GENERAL COUNSEL & CO SECRETARY business unit.

85	Asset Maintenance	Various business unit allocation rules	Proxy	All repairs and maintenance costs have been classified as asset maintenance expenditure. These costs have been allocated to regulatory segments based on the individual business unit rules where the costs are incurred.	All Repairs and maintenance object codes within all business units.
86	Corporate Overheads	Aeronautical revenues / costs split excluding aircraft and freight revenues/expenses	Proxy	Costs associated with both Airfield and Passenger Terminal operations management.	All costs lines within the AIRSIDE OPERATIONS MANAGEMENT business unit except repairs and maintenance costs.

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

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SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)

ref *Version 2.0*

95 **10b: Notes to the Report**

96 **10b(i): Changes in Cost Allocators**

ref				CY-1 30 Jun 11	Current Year (CY) 30 Jun 12	CY+1 30 Jun 13
97						($000)
98					Effect of Change	
100	Operating cost category	Asset Management & Airport Operations				
101	Original allocator or components	100% Airfield	Original	212	215	58
102	New allocator or components	Aero Share Rule (excluding Aircraft & Freight)	New	212	215	58
103	Rationale	The payroll dominated costs in the Airside Operations Management BU are relate to the administration of both airfield and terminal activities (no aircraft and freight related costs). No change to regulated / unregulated split.	Difference	–	–	–
104						
105	Operating cost category	Corporate Overheads				
106	Original allocator or components	Aero Share Rule (excluding Aircraft & Freight)	Original	9,316	10,348	10,603
107	New allocator or components	Marketing Incentive Cost treated using Aero Shared Rule. All Other BAU components allocated using the company wide rule.	New	8,553	9,501	9,736
108	Rationale	The costs in the Route Development business unit have been split to reflect the treatment in pricing. All committed route development marketing incentives have been allocated between airfield and passenger terminal. All other costs in the business unit have been allocated using the company wide rule.	Difference	763	847	868
109						
110	Operating cost category					
111	Original allocator or components		Original			
112	New allocator or components		New			
113	Rationale		Difference	–	–	–
114						
115	Operating cost category					
116	Original allocator or components		Original			
117	New allocator or components		New			
118	Rationale		Difference	–	–	–
119						
120	Operating cost category					
121	Original allocator or components		Original			
122	New allocator or components		New			
123	Rationale		Difference	–	–	–
124						
125	Operating cost category					
126	Original allocator or components		Original			
127	New allocator or components		New			
128	Rationale		Difference	–	–	–
129						
130	Operating cost category					
131	Original allocator or components		Original			
132	New allocator or components		New			
133	Rationale		Difference	–	–	–

134 **Commentary on Cost Allocations**

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

138 1. Identified the activities undertaken by each business unit;
139 2. Identified business units whose costs are attributable to a single regulated aeronautical activity and directly attributed those costs to those activities accordingly;
140 3. Identified business units whose costs are shared across more than one regulated activity and/or between regulated and non-regulated activities and allocated
141 those costs to those activities accordingly;
142 4. Used causal allocators where appropriate to allocate those common costs across regulated and/or non-regulated activities;
143 5. Allocated the remainder of common costs using proxy allocators.

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

1. The company-wide rule is used to apportion the shared costs of business unit activities of which 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.

2. 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.

3. Airfield and terminal revenues are used to share costs associated with regulated activities that are common to airfield and terminal activities, but not to aircraft and freight (for example the aeronautical pricing process).

4. 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.

5. 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.

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

a. the stormwater rule examines sealed (impermeable) surface area usage between regulated and non-regulated activities.
b. the wastewater rule examines metered water usage between regulated and non-regulated activities.
c. 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.

7. The roadways rule is used to apportion the shared costs of the roadways business unit across regulated and non-regulated activities based on the regulatory coding of individual roading assets. Individual roading assets comprising the roading network (e.g. paved areas, kerbside and footpaths) have been given regulatory codes, in most cases reflecting the location of those assets. Roads that primarily carry traffic to and from the international terminal are allocated across a range of regulated and non-regulated activities using the ITB Space Allocation Rule.

8. Engineering and support services costs are allocated across regulated and non-regulated activities based on a two-step process:
a. First the internal repairs and maintenance charges to business units are summed by internal business unit.
b. Then 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).

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SCHEDULE 11: REPORT ON RELIABILITY MEASURES

Version 2.0

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	–	–	–
11	Total	–	–	–
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	139	224	50
27	Airlines/Other	36	30	25
28	Undetermined reasons	–	–	–
29	Total	175	255	15
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	14	24	17
33	Airlines/Other	18	25	33
34	Undetermined reasons	–	–	–
35	Total	32	49	50
36	**Baggage reclaim belts**			
37	The number and duration of interruptions to baggage reclaim belts during disclosure year by party primarily responsible			
38	Airports	6	11	20
39	Airlines/Other	3	1	41
40	Undetermined reasons	–	–	–
41	Total	9	13	01
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	16	11	25
45	Airlines/Other	16	8	54
46	Undetermined reasons	–	–	–
47	Total	32	20	19
48				

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SCHEDULE 11: REPORT ON RELIABILITY MEASURES (cont)

ref | *Version 2.0*

Fixed electrical ground power availability (if applicable)

The percentage of time that FEGP is unavailable due to interruptions* 0.79%

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

Commentary concerning reliability measures

1. Interruptions

Auckland Airport captures and records interruptions to its services through its fault management system. Appendix C to the Commerce Commission Information Disclosure (Airport Services) Reasons Paper dated 22 December 2010 outlines the conditions in which an interruption to the supply of a material service is defined, identified and recorded. The fault management system has been designed to record interruptions based on the definition outlined in Appendix C. All systems faults are reviewed on a monthly basis to ensure that interruptions that meet the conditions defined by Appendix C are not missed and that the systems and processes to minimise the risk of any interruption are tested and improved upon wherever possible.

Auckland Airport is required to report interruptions for the following material services:

- Runway
- Taxiway
- Remote stands and means of embarkation/disembarkation
- Contact stands and air-bridges
- Baggage sortation system on departures
- Baggage reclaim belts

The tables outlined earlier in these schedules report the number and duration of material service interruptions. To provide the most appropriate context for consumers, a way to view this information is to consider the proportion of the time that the material service is available. For the disclosure year ended 2012, the percentage of time that Auckland Airport's material services were available was as follows:

Runway	100.0%
Taxiway	100.0%
Remote stands and means of embarkation/disembarkation	100.0%
Contact stands and air-bridges	99.9%
Baggage sortation system on departures	99.8%
Baggage reclaim belts	100.0%

Given that the year ended 30 June 2012 featured over 155,000 aircraft movements, Auckland Airport regards this as an excellent operational performance.

This is the first full financial year that Auckland Airport has operated using the current fault management system. The new fault management system was designed to meet the new information disclosure requirements and was completed in November 2010. Previously, interruption information was captured manually. As a result, Auckland Airport strongly believes that the quality of data capture has improved between FY11 and FY12. That said, Auckland Airport is, in many circumstances, unable to obtain data from airline customers that would provide even more accurate measurements of interruptions. Where this has occurred, Auckland Airport has opted for conservative measurements.

Under the definition of an interruption to the supply of a material airport service that is provided in Appendix C of the Commerce Commission's Information Disclosure (Airport Services) Reasons Paper, one of the conditions for an interruption to have occurred is that a flight must be on schedule were it not for an interruption to a material service. Auckland Airport has, to date, not received comprehensive information related to on-time performance from the airlines. This means that Auckland Airport cannot accurately determine whether an interruption related to a scheduled or unscheduled flight. Auckland Airport has decided to report all material interruptions, including those that impacted off-schedule flights. As a result, Auckland Airport is likely to have over reported material interruptions. Auckland Airport has requested that the airlines provide it with on time performance information to enable a more accurate response to Appendix C, but is not able to compel the provision of this information.

Auckland Airport's fault management system captures the interruption duration from the time the fault first occurred until the time it was resolved. The system has the capability to identify if an equivalent service was provided. According to the definition of an interruption in Appendix C, if an equivalent service is provided, then an interruption has not occurred. On some occasions, the fault management system has recorded the time that the asset was out of use for and not captured when equivalent services were provided. This issue has had a particular impact on air-bridge fault data. Auckland Airport has a number of air-bridges, meaning that if one air-bridge cannot be used, another air-bridge can easily be substituted. In this case, airlines are provided with an equivalent service. However, if all air-bridges are in use, then an airline would not have received an equivalent service. To account for this, Auckland Airport has assessed when alternate air-bridges were available. Where appropriate, an adjustment was made if a fault occurred during peak times, when it was more likely that no alternative service would have been available. Conservatively, this adjustment was made to only seven of the 175 interruptions. Auckland Airport considers that, in this respect, the duration of the interruptions disclosed is very likely to overestimate the true interruption time according to the definition in Appendix C.

2. On-time departure delays

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

On-time departure delays relating to interruptions have been captured in the fault management system. All on-time departure delays that are visible to the apron tower are logged in the system. Ideally, Auckland Airport would be able to corroborate this information with on-time performance data from airlines. However, as noted earlier, airlines have not yet agreed to provide Auckland Airport with all on-time performance information.

3. Fixed electrical ground power unit (FEGP) availability

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

Auckland Airport has established robust processes to review the performance of material services and to ensure that adequate operational improvements and on-going improvement and innovation mechanisms are in place (see Schedule 15 for further information). Trends in faults, interruptions and on time performance are monitored regularly by management. Auckland Airport investigates all on-time performance issues where Auckland Airport is identified as the party responsible. Root cause reports are prepared and presented to key stakeholders. Actions are then identified to prevent re-occurrence of the interruption and to seek to continually improve the service provided to airlines and passengers.

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

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

ref *Version 2.0*

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)	40	N/A	N/A
	IMC (movements per hour)	32	N/A	N/A

Taxiway

		Taxiway #1	Taxiway #2	Taxiway #3
Description of main taxiway(s)	Name	Alpha	Bravo	Delta
	Length (m)	3,204	2,447	333
	Width (m)	45	24	23
	Status	Full length	Part length	Part length
	Number of links	11	10	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	12	–	26
	Domestic jet	9	1	–
	Domestic turboprop	–	10	8
Total parking stands		21	11	34

Busy periods for runway movements

	Date
Runway busy day	15 March 2012
Runway busy hour start time (day/month/year hour)	4 Mar 2012 2 p.m.

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	123	–	7	130
	Domestic jet	108	9	–	117
	Domestic turboprop	–	224	–	224
	Total	231	233	7	471
Other (including General Aviation)					15
Total aircraft movements during the runway busy day					486

Number of aircraft runway movements during the runway busy hour	39

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

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 under instrument meteorological conditions varies between 20 and 39 movements per hour. The capacity depends on weather conditions and the particular runway mode of operation. The number of aircraft movements per hour that are possible declines as weather conditions worsen. This is because greater allowance is required for missed approaches. The runway mode of operation depends on the wind direction. In most instances, aircraft land and take off into the wind. Auckland Airport's prevailing wind direction is westerly. Under westerly wind conditions, aircraft land and take-off using RWY 23L. RWY 23L is therefore used more than the easterly facing RWY 05R.

RWY 23L has greater capacity than RWY 05R. RWY 23L is equipped with a Category III B instrument landing system. The first such system installed in New Zealand, this means that pilots can land with a 0 metre cloud base and 75 metres of visibility. This has played a major part in reducing the impact of fog and low-visibility on jet aircraft operations over recent years. RWY 05R is equipped with a Category I instrument landing system. This allows pilots to land with a cloud base of 66 metres and at least 800 metres of visibility. During low visibility operations, pilots are still able to land using RWY 23L, whereas they may not be able to land using RWY 05R. During low visibility operations using RWY 23L, up to 20 aircraft movements per hour are possible.

Auckland Airport is continually assessing ways to increase its runway capacity and efficiency. As part of the Airways Runway Capacity Enhancement group, Auckland Airport works with key stakeholders to investigate how runway capacity and efficiency can be increased.

In the reported runway busy hour for the year, 39 aircraft runway movements were made. Over the year, there were 34 hours during which 39 or more aircraft runway movements were made. This suggests that the runway is reaching operational maturity and that a second runway may be required over the medium term. Auckland Airport is working with key stakeholders to evaluate the appropriate timing of the need for a second runway.

At present, there is only one taxiway link in and out of the Western side of the international apron. This causes aircraft congestion, particularly at peak times. To ease this congestion and provide a more efficient service to airline customers, Auckland Airport has recently commenced the construction of a second link in this area. This will considerably improve airlines' ability to arrive and depart at prime times, reducing the possibility of delays. This taxiway link will also provide additional holding points during low visibility operations.

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2012**

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

Version 2.0

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)	4 Nov 2011 6 p.m.	27 Jan 2012 7 a.m.	N/A
	Floor space (m²)	5,393	1,506	N/A
	Passenger throughput during the passenger busy hour (passengers/hour)	1,610	1,134	N/A
	Utilisation (busy hour passengers per 100m²)	30	75	
Check-in				
	Passenger busy hour for check-in—start time (day/month/year hour)	4 Nov 2011 6 p.m.	27 Jan 2012 7 a.m.	N/A
	Floor space (m²)	4,516	1,029	N/A
	Passenger throughput during the passenger busy hour (passengers/hour)	1,610	1,134	N/A
	Utilisation (busy hour passengers per 100m²)	36	110	
Baggage (outbound)				
	Passenger busy hour for baggage (outbound)—start time (day/month/year hour)	4 Nov 2011 6 p.m.	27 Jan 2012 7 a.m.	N/A
	Make-up area floor space (m²)	8,457	2,617	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)*	1,489	873	N/A
	Passenger throughput during the passenger busy hour (passengers/hour)	1,610	1,134	N/A
	Utilisation (% of processing capacity)	49%	44%	
	** 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)	4 Nov 2011 6 p.m.		
	Floor space (m²)	792		
	Number of emigration booths and kiosks	27		
	Notional capacity during the passenger busy hour (passengers/hour) *	2,208		
	Passenger throughput during the passenger busy hour (passengers/hour)	1,610		
	Utilisation (busy hour passengers per 100m²)	203		
	Utilisation (% of processing capacity)	73%		
	** 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)	4 Nov 2011 6 p.m.	10 Aug 2011 7 a.m.	
	Facilities for passengers excluding international transit & transfer			
	Floor space (m²)	303	297	
	Number of screening points	6	6	
	Notional capacity during the passenger busy hour (passengers/hour) *	1,620	1,620	
	Passenger throughput during the passenger busy hour (passengers/hour)	1,610	944	
	Utilisation (busy hour passengers per 100m²)	531	318	
	Utilisation (% of processing capacity)	99%	58%	
	Facilities for international transit & transfer passengers			
	Floor space (m²)	85		
	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)	14		
	Utilisation (busy hour passengers per 100m²)	16		
	Utilisation (% of processing capacity)	3%		
	** 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 2012**

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

ref *Version 2.0*

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)	4 Nov 2011 6 p.m.	27 Jan 2012 7 a.m.	
65	Floor space (m²)	8,631	1,726	
66	Passenger throughput during the passenger busy hour (passengers/hour)	1,624	1,134	
67	Utilisation (busy hour passengers per 100m²)	19	66	
68	**Departure lounges**			
69	Passenger busy hour for departure lounges—start time (day/month/year hour)	4 Nov 2011 6 p.m.	27 Jan 2012 7 a.m.	
70	Floor space (m²)	6,691	1,903	
71	Number of seats	2,181	627	
72	Passenger throughput during the passenger busy hour (passengers/hour)	1,624	1,134	
73	Utilisation (busy hour passengers per 100m²)	24	60	
74	Utilisation (passengers per seat)	0.7	1.8	
75	**Inbound (Arriving) Passengers**			
76	**Airside circulation (inbound)**			
77	Passenger busy hour for airside circulation (inbound)—start time			
78	(day/month/year hour)	12 Jan 2012 2 p.m.	23 Sep 2011 4 p.m.	N/A
79	Floor space (m²)	8,129	1,750	N/A
80	Passenger throughput during the passenger busy hour (passengers/hour)	1,972	1,091	N/A
81	Utilisation (busy hour passengers per 100m²)	24	62	
82	**Passport control (inbound)**			
83	Passenger busy hour for passport control (inbound)—start time			
84	(day/month/year hour)	12 Jan 2012 2 p.m.		
85	Floor space (m²)	1,470		
86	Number of immigration booths and kiosks	56		
87	Notional capacity during the passenger busy hour (passengers/hour) *	3,272		
88	Passenger throughput during the passenger busy hour (passengers/hour)	1,803		
89	Utilisation (busy hour passengers per 100m²)	123		
90	Utilisation (% of processing capacity)	55%		
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)	12 Jan 2012 2 p.m.	23 Sep 2011 4 p.m.	N/A
95	Floor space (m²)	1,541	1,506	N/A
96	Passenger throughput during the passenger busy hour (passengers/hour)	1,803	1,091	N/A
97	Utilisation (busy hour passengers per 100m²)	117	72	
98	**Baggage reclaim**			
99	Passenger busy hour for baggage reclaim—start time (day/month/year hour)	12 Jan 2012 2 p.m.	23 Sep 2011 4 p.m.	
100	Floor space (m²)	4,226	1,063	
101	Number of reclaim units	5	4	
102	Notional reclaim unit capacity during the passenger busy hour (bags/hour)*	1,460	938	
103	Bags processed during the passenger busy hour (bags/hour)*	1,667	840	
104	Passenger throughput during the passenger busy hour (passengers/hour)	1,803	1,091	
105	Utilisation (% of processing capacity)	114%	90%	
106	Utilisation (busy hour passengers per 100m²)	43	103	
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)	12 Jan 2012 2 p.m.		
111	Floor space (m²)	2,242		
112	Notional MAF secondary screening capacity during the passenger busy hour	1,447		
113	(passengers/hour)*			
114	Passenger throughput during the passenger busy hour (passengers/hour)	1,803		
115	Utilisation (% of processing capacity)	125%		
116	Utilisation (busy hour passengers per 100m²)	80		
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)	12 Jan 2012 2 p.m.	23 Sep 2011 4 p.m.	N/A
120	Floor space (m²)	1,652	145	N/A
121	Passenger throughput during the passenger busy hour (passengers/hour)	1,803	1,091	N/A
122	Utilisation (busy hour passengers per 100m²)	109	752	
123				

Regulated Airport	**Auckland International Airport Limited**
For Year Ended	**30 June 2012**

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

ref *Version 2.0*

ref		International terminal	Domestic terminal	Common area †
130				
131	**Total terminal functional areas providing facilities and service directly for passengers**			
132	Floor space (m^2)	54,128	11,816	N/A
133	Number of working baggage trolleys available for passenger use			
134	at end of disclosure year	2,250	650	N/A

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

The introduction of technologies and innovation to improve departures, arrivals and border initiatives is a continuous process that can increase the propensity to travel and increase the capacity of the existing infrastructure, thus deferring capital expenditure on new infrastructure until it is needed.

1. Floor spaces

136 In 2010, international aviation consultant Airbiz was engaged to compile estimates of capacity and utilisation measures in the same manner as required by the new information disclosure. As part of this work, Airbiz completed estimates of the floor spaces. The reported floor spaces contained in these schedules are based on Airbiz' work, adjusted to account for changes since 2010.

2. Domestic passenger busy hour and throughput

137 Auckland Airport engaged Airbiz to estimate the domestic inbound and outbound passenger busy hour and passenger throughput during the passenger busy hour. Up until the 1st of July 2012, Auckland Airport did not have a domestic passenger charge. Auckland Airport therefore has not historically captured domestic passenger information in sufficient detail to accurately report on the passenger busy hour and throughput during the busy hour. Following the recent introduction of a domestic passenger charge, the airlines have agreed to provide detailed passenger data that will enable accurate billing to occur.

138 Airbiz has estimated the passenger busy hour and passenger throughput during the busy hour by using aircraft movements and load factor assumptions. While there are gaps in Airbiz' records of passenger numbers on individual flights, Auckland Airport has reliable data of all aircraft movements. Where passenger data is unavailable, Airbiz applies a 75% load factor to determine a notional number of passengers to apply to those flights.

3. Notional capacity of baggage units and busy hour throughput

139 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 has defined the notional capacity to be the sustainable practical capacity of the baggage units.

140 The notional capacity of the international outbound baggage facilities has been assessed by using a practical capacity of 17 bags per minute through each x-ray unit. In 2012 Auckland Airport increased its practical capacity in order to drive more operational efficiency. An upgrade to the system software has enabled Auckland Airport to utilise all three x-ray units, increasing capacity by 50%. Previously the system predominately used two units only.

141 Airbiz has assessed the domestic terminal outbound baggage notional capacity based on the practical capacity of the baggage system. Airbiz ascribe 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.

142 The notional capacity of the international baggage reclaim facilities is based on four of the reclaim units being occupied by code E or smaller aircraft and one reclaim unit being occupied by a code F aircraft. The code categorisation of an aircraft relates to wing-span. Code A aircraft have the narrowest wing-span and code F aircraft have the widest. The calculation assumes that a typical code E or lower aircraft has 350 seats and a typical code F aircraft has 488 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 a 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 1,650. 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. Auckland Airport's calculation of bags per passenger is explained in more detail below. Note that at
143 any single point in time the reclaim capacity can be higher if larger planes than assumed arrive during the hour.

144 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. Airbiz assume 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 1,220. Airbiz advised that approximately 70% of domestic passengers travel with checked in baggage and carry an average of 1.1 bags. Multiplying this by the notional capacity in passengers per hour gives a notional capacity in bags per hour.

145 The number of bags processed during the busy hour for both outbound and inbound passengers using the international and domestic terminals was calculated by multiplying the number of passengers in the busy hour by the estimated number of bags per passenger. Allowances of 0.9 bags per international passenger and 0.77 bags per domestic passenger were used when calculating the notional capacity of the baggage facilities. Auckland Airport therefore applied these same assumptions in calculating the number of bags processed.

146 The number of bags processed during the busy hour for outbound passengers using the international terminal was calculated by first estimating the average number of bags per passenger. Because outbound bags are scanned, a record of the number of outbound bags processed during the year is available. Auckland Airport's baggage operator Glidepath provided data on the number of outbound bags processed during the year. Dividing the number of outbound bags by the number of outbound passengers gave approximately 0.9 bags per passenger. This number was multiplied by the passenger throughput during the busy hour to estimate the number of bags processed during the busy hour.

147 Auckland Airport does not record the number of inbound bags processed through the baggage reclaim facilities. Auckland Airport has therefore calculated the number of bags processed during the busy hour for inbound passengers using the international terminal by assuming that the number of inbound bags per passenger was the same as the number of outbound bags per passenger.

4. Passport control

148 The notional capacity during the passenger busy hour for outbound and inbound passport control has been calculated by considering the number of SmartGates, the number of emigration and immigration desks, the transaction time per SmartGate and the transaction time per emigration/immigration desk. The transaction time per passenger at an emigration counter was estimated to be 30 seconds and the transaction time per passenger at an immigration counter was estimated to be 45 seconds. The transaction time at emigration and immigration counters was adjusted by an efficiency factor of 80% to allow for considerations such as the
149 time to walk from the queue to the counter. The transaction time for both inbound and outbound passengers at a SmartGate was estimated to be 30 seconds. This information was provided by Airbiz and is used in Auckland Airport planning. Since 2011 Airbiz has completed more detailed modelling of capacities as part of a project to investigate increasing the capacity of the emigration hall. This has improved the accuracy of the estimates of processing times. The efficiency factor has increased from 70% to 80% and the processing time at SmartGates has increased from 15 seconds to 30 seconds. However, SmartGate processing times are no longer adjusted by an efficiency factor. The number of SmartGates increased from two to four, resulting in increased notional capacity and improved
150 facilities for passengers.

It should be noted that the notional capacity will not be achievable in all circumstances. The SmartGate facilities can presently only be used by New Zealand and Australian passport holders who are over 18. If an aircraft has relatively fewer passengers able to use the SmartGates, the practical capacity will be lower.

5. Security screening

The notional capacity of security screening during the passenger busy hour for both the international and domestic terminals was based on Airbiz' estimate of each security unit's processing capacity. Airbiz estimated that each security screening unit can process 270 passengers per hour. The notional capacity was calculated by multiplying the number of units by 270. The notional capacity of security screening in the domestic terminal increased from the notional capacity reported in 2011 because of the investment in an additional two security screening units to improve the passenger experience.

The busy hour that is identified for inbound security screening is not necessarily the same busy hour for transit and transfer passengers. The number of transit and transfer passengers varies significantly for different air routes. During the identified busy hour, only 14 passengers were estimated to have been processed through international transit and transfer screening. Using the same logic to determine the specific transit busy hour gives a busy hour of 8am on the 6th of November 2011. At this time, 245 passengers went through transit and transfer screening. The % of notional capacity used at this busy hour is 45%.

6. Departure lounges

The number of reported seats in both the international and domestic terminals was based on a physical count in October 2012.

7. Bio-security screening and customs secondary inspection

The notional capacity of bio-security screening capacity during the passenger busy hour was estimated with reference to the detailed modelling work completed by Airbiz in 2012. This work was undertaken when investigating with the Ministry for Primary Industries (MPI) and Customs the potential for future developments of the secondary line. The modelling was completed with much greater accuracy than previous capacity estimates. Generic assumptions were replaced with assumptions taking into account the unique constraints in the Auckland Airport secondary line. This work identified that the key pinch point for processing is at the risk assessment stage. The per hour capacity identified for risk assessment screening is 1,447 passengers per hour.

Note that gate lounge 4e is not included in the security screening, biosecurity screening or customs capacity calculations. This area was upgraded prior to the Rugby World Cup and contains four customs desks, a biosecurity screening facility and an x-ray unit. However, this area is not typically staffed by Customs or MPI officials and is only used occasionally if needed for VIPs, diplomatic purposes or special events.

8. Total terminal functional space

The number of working trolleys represents the number of trolleys that Auckland Airport's trolley provider, Smartecarte, is contracted to provide.

The total terminal functional area floor space for the domestic terminal is slightly less than the sum of the individual floor space areas. Because airside circulation space is required for both outbound and inbound passengers, there is an area that is "double counted" as it falls into the calculation of both of these categories of floor space.

9. General comments on capacity utilisation

Auckland Airport's preference is to maximise the utility of existing assets. In this regard, Auckland Airport pursues innovations and strives for best practice maintenance, management technology and operational efficiency. Auckland Airport also places value on sustainable maintenance and construction practices. A key objective is to provide reliable assets that ensure safe and efficient operations with an optimised lifetime value for the asset. These are complemented by Auckland Airport's well established practices for exploring process efficiency options prior to capital expenditure on investment.

Domestic capacity utilisation measures indicate that a number of domestic terminal facilities are operating at, or near, full capacity. As the space utilisation indicators suggest, almost all areas of the domestic terminal are more constrained than the international terminal. Auckland Airport has prioritised capital expenditure to alleviate some of the main congestion points in the short term. For example, Auckland Airport is redeveloping the gate lounges and airside circulation spaces. In the check in area, the lack of space has partially been mitigated by the use of self-service kiosks. However, in the longer term, additional measures are likely to be needed to improve the passenger experience, including a larger terminal facility.

The baggage reclaim and security screening facilities are other areas which Auckland Airport has identified as requiring further investment. Both the baggage utilisation metrics (% of processing capacity and busy hour passengers per 100 square metres) indicate that the domestic baggage reclaim facilities are nearing full capacity. There is a project underway that is currently investigating improvements and innovations that can be made to the baggage reclaim area.

While the measures of utilisation of domestic outbound baggage capacity do not indicate stress in this area, this is due to the configuration of the facilities. There is capacity at the Air New Zealand facility, but not at the Jetstar facility. Auckland Airport is planning to add 25% more capacity to the Jetstar facility to improve this process.

As noted previously, Auckland Airport has invested in increased domestic security screening and processing capacity during the year. There now appears to be significant capacity during the busy hour. However, the practical capacity is lower than the notional capacity. Because of the split location of the screening facilities, there are times when capacity is lower than 1,620 passengers per hour. The main screening facilities have five screening units, and there is an additional screening unit that services two gates. These two gates typically hold aircraft seating up to 180 passengers. The screening facility can only process 270 passengers per hour, which means that the screening facility cannot process two planes at one time. Therefore there are times when the screening capacity is only 1,530 passengers per hour. Regional passengers generally do not go through security screening. However, regional passengers using the Koru lounge must go through security to get to the lounge. The busy hour passenger throughput numbers do not include these passengers. To further alleviate pressure in the security screening areas and to improve the passenger experience, Auckland Airport is planning to consolidate all security screening in one place. This will also have the advantage of allowing more efficient utilisation of AVSEC resources.

In the international terminal, the capacity utilisation indicators suggest that the emigration processes, bio-security screening and baggage reclaim are nearing, or at, full capacity. Modelling by Airbiz indicates that the presentation of passengers through emigration processes means that these processes may have slightly greater capacity than the indicators suggest. Busy hours and associated passenger throughput are based on flight times. The actual flow of passengers through emigration processes varies, as not all passengers present through emigration at the same time. The capacity measure of biosecurity screening and inspection indicates that there is queuing during the busy hour. This is consistent with the findings of recent modelling that has been completed. Auckland Airport is investigating further investment in these areas.

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 2012**

SCHEDULE 14: REPORT ON PASSENGER SATISFACTION INDICATORS

ref *Version 2.0*

Survey organisation

Survey organisation used	ACI
If "Other", please specify	

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

Domestic terminal	*Quarter*	**1**	**2**	**3**	**4**	**Annual**
	for year ended	**30 Sep 11**	**31 Dec 11**	**31 Mar 12**	**30 Jun 12**	**average**
Ease of finding your way through an airport		3.9	4.1	4.1	4.2	4.1
Ease of making connections with other flights		3.9	4.0	4.1	4.0	4.0
Flight information display screens		3.9	4.1	4.1	4.2	4.1
Walking distance within and/or between terminals		3.9	4.0	4.1	4.1	4.0
Availability of baggage carts/trolleys		3.9	4.2	4.3	4.3	4.2
Courtesy, helpfulness of airport staff (excluding check-in and security)		4.1	4.2	4.3	4.3	4.2
Availability of washrooms/toilets		3.7	4.1	4.0	4.0	4.0
Cleanliness of washrooms/toilets		3.6	3.9	3.9	3.9	3.8
Comfort of waiting/gate areas		3.4	3.7	3.7	3.8	3.6
Cleanliness of airport terminal		3.8	4.1	4.1	4.1	4.0
Ambience of the airport		3.5	3.8	3.8	3.9	3.7
Security inspection waiting time		4.2	4.3	4.4	4.3	4.3
Check-in waiting time		3.9	4.5	4.4	4.6	4.3
Feeling of being safe and secure		4.3	4.3	4.5	4.5	4.4
Average survey score		3.9	4.1	4.1	4.2	4.1

International terminal	*Quarter*	**1**	**2**	**3**	**4**	**Annual**
	for year ended	**30 Sep 11**	**31 Dec 11**	**31 Mar 12**	**30 Jun 12**	**average**
Ease of finding your way through an airport		4.1	4.2	4.1	4.3	4.2
Ease of making connections with other flights		4.1	4.2	3.8	4.1	4.1
Flight information display screens		4.1	4.2	4.1	4.4	4.2
Walking distance within and/or between terminals		4.0	4.0	3.9	4.0	4.0
Availability of baggage carts/trolleys		4.3	4.4	4.4	4.4	4.4
Courtesy, helpfulness of airport staff (excluding check-in and security)		4.3	4.4	4.3	4.4	4.3
Availability of washrooms/toilets		4.0	4.3	4.2	4.3	4.2
Cleanliness of washrooms/toilets		4.0	4.2	4.0	4.2	4.1
Comfort of waiting/gate areas		3.9	4.0	3.9	4.1	4.0
Cleanliness of airport terminal		4.2	4.4	4.2	4.4	4.3
Ambience of the airport		4.1	4.2	4.1	4.2	4.1
Passport and visa inspection waiting time		4.3	4.5	4.3	4.4	4.4
Security inspection waiting time		4.2	4.4	4.2	4.3	4.3
Check-in waiting time		4.1	4.1	4.0	4.1	4.1
Feeling of being safe and secure		4.4	4.5	4.3	4.5	4.4
Average survey score		4.1	4.3	4.1	4.3	4.2

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

Commentary concerning report on passenger satisfaction indicators

Auckland Airport considers that the quality of the service it provides is critical to its performance as New Zealand's international gateway. If Auckland Airport's quality of serivce is below par, then this will have flow on effects for all businesses that rely on Auckland Airport.

Auckland Airport is focussed on continually making improvements to the passenger experience, both directly and alongside airport partners, through improved quality and choice of services.

Auckland Airport uses a number of methods to understand and improve the quality of services required by customers and to assess customer satisfaction. Auckland Airport surveys its passengers every quarter. This survey covers key aspects of passenger facilities and customer service.

The minimum sample size is 350 passenger interviews per quarter. The Airport Service Quality ('ASQ') sample plan has quotas by airline and by destination so that the total sample is representative of Auckland Airport's actual traffic mix. Interviews are therefore undertaken with both domestic and international passengers. All interviews take place in the boarding gate area while passengers are waiting to board their flights. Each questionnaire is completed by one passenger only.

To ensure that the survey results are as accurate as possible, ASQ publishes field work guidelines on an annual basis. These guidelines outline the procedures to be followed when implementing the sample plan and conducting passenger interviews. A copy of the field work requirements can be found on Auckland Airport's website – http://www.aucklandairport.co.nz/Corporate/Regulatory-Disclosures.aspx.

Passenger responses to each question are gathered according to the following five point scale:

1 = poor
2 = fair

3 = good
4 = very good
5 = excellent

The quarterly score disclosed for each question is the weighted average of the responses. While the tables above state the scores for each quarter, Auckland Airport monitors responses using a four quarter rolling average, as the annual sample size will give a statistically significant result (by contrast the quarterly sample does not).

Each quarter Auckland Airport undertakes a detailed review of the passenger surveys. The results are fed into business activities and process improvement initiatives. During FY12, Auckland Airport ran two text based customer feedback programmes to gather information about the way customers view Auckland Airport's toilet facilities and gate lounges. Feedback from the toilet programme has been used to prioritise repairs and maintenance and toilet refurbishment plans. Feedback has also been used to review existing bathroom inspection regimes and to inform cleaning staff rostering. The bathroom facility upgrade programme has begun in the international terminal. These initiatives have contributed to improved customer satisfaction scores relating to washrooms/toilets in comparison to FY11. To improve customer satisfaction scores in the domestic terminal, Auckland Airport has plans for the refurbishment and expansion of bathroom facilities.

Feedback from the passenger experience at gate lounges has been used to shape the business case for refurbishment priorities. In the international terminal, Auckland Airport launched a gate lounge comfort and interior refreshment programme in FY12. This was reflected in an improved customer satisfaction score in comparison to FY11. In the domestic terminal, Auckland Airport plans to redevelop the gate lounges and airside circulation spaces. Auckland Airport is mindful to balance significant investment in new and additional facilities in the domestic terminal against the remaining life expectancy of the terminal in its current form.

A number of other initiatives completed by Auckland Airport in FY12 have resulted in increased customer satisfaction scores. Initiatives such as mobile multi-lingual digital screens and improved inter-terminal connection, including a new walkway way finding system, new and larger buses and improved signage, have resulted in improved customer satisfaction with way finding by international passengers. Updated flight information display screens have effected a substantial increase in customer satisfaction on this measure in the international terminal.

Auckland Airport continues to use the expanded ASQ tool to develop a greater understanding as to why passengers rate the airport poorly in some areas. Where a passenger rates a service or facility lower than 3 out of 5, Auckland Airport receives direct feedback as to what the passenger bases this rating on. This is used to better inform investment and expenditure decisions. Going forward, Auckland Airport is working on ways to track passengers in real time. This will enable cleaning resources and operational staff to be directed to where they are most needed.

A strong passenger satisfaction indicator is also the World Airport Skytrax Awards. For the last four years, Auckland Airport has been voted the best airport in Australia Pacific in the World Airport Skytrax awards, and was named in the top 10 airports in the world in 2009, 2010 and 2011. Auckland Airport also received the Best Service in Australia Pacific award in 2009 and 2012.

Auckland Airport also undertakes regular qualitative and quantitative market research that assists in understanding consumer needs and preferences. The quality and range of products and services across the business has been expanded, including terminal amenities and passenger processing. This offers choice and encourages supplier innovation and competition to help grow the size of the overall market.

Note that a comment on the accuracy of the passenger data used to prepare the utilisation indicators is included in commentary for schedule 13.

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 2012**

SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES

ref *Version 2.0*

Disclosure of the operational improvement process

The Determination requires airports to introduce processes that facilitate the ability of airports to meet regularly with airlines to:

(a) Identify any measures available either to:
i. Reduce the likelihood of service losses which have caused loss of material services or on time departure delays from reoccurring; or
ii. Better manage such losses of service or on time departure delays so as to reduce the impact; and
(b) Review quarterly passenger satisfaction surveys to identify where remedial action is required by the airport, airline or border agencies.

Auckland Airport is committed to working constructively and comprehensively with its stakeholders to improve the quality of service for both passengers and airlines. Auckland Airport participates in a number of forums that facilitate operational improvement. These include forums to improve reliability and capacity utilisation of the runway and taxiways, air-bridges and baggage systems. Auckland Airport has also proactively engaged with stakeholders to establish the Collaborative Operations Group (COG). COG was formed to review and improve operational performance across the end to end journey.

1. Runway and taxiway performance

Auckland Airport holds a monthly forum where runway and taxi-way issues are discussed. Any interruptions are identified and feedback provided. Initiatives to deliver capacity enhancements and actions to effect operational improvements are tabled. Wildlife hazard management plans are also communicated.

The Airfield Capacity Enhancement (ACE) forum meets quarterly to discuss ways to enhance runway capacity. The meeting is attended by Auckland Airport, Airways and Air New Zealand. Auckland Airport has experienced steady growth in traffic over the past decade, and this is predicted to continue into the foreseeable future. As congestion increases, the on time performance of airlines may be impacted, particularly at peak times. In an effort to avoid congestion related issues as demand increases, this forum is investigating practices that could be employed to enhance runway capacity. The current emphasis is on prioritising the major inhibitors to progressing enhanced capacity.

As a single runway airport, it is particularly important that the maintenance of the runway meets international best practice. During the year, Auckland Airport embarked on a project to update the way it maintains its pavement infrastructure assets. The project involves moving to a network level pavement management system to meet best practice standards. The objectives of the network level system are to drive operational efficiency and sustainable maintenance and construction practices. This will provide reliable assets that ensure safe and efficient airport operations, while at the same time optimising the lifetime value of the assets.

2. Air-bridge performance

Auckland Airport has taken a proactive approach to the improvement of air-bridge performance. Since October 2009, Auckland Airport has been meeting regularly with airline representatives to improve operational performance. Initially, work focussed on air-bridge faults. Operating and repairs and maintenance issues were addressed. Monthly meetings continued throughout FY12. The focus of these meetings has broadened to include safety as well as improvement projects. Breakdowns and on time performance impacts are presented. Outages are further broken down to evaluate whether they were due to operator error or an equipment outage.

Root cause analysis continues to be completed on major asset outages with on time performance impacts. The findings are tabled at the Regional Facilitation meetings. Root cause analysis includes recommendations of actions to be undertaken to prevent re-occurrence of the outage.

3. Baggage system performance

Auckland Airport contributes to weekly and monthly forums to address baggage handling performance. This includes regular meetings with Glidepath, the baggage handling operator. Auckland Airport also chairs monthly baggage handling system operations meetings. These are attended by Auckland Airport, airline representatives, maintenance contractors, ground handlers and AVSEC. The meetings cover safety issues and upcoming projects, as well as routine operations. Initiatives have been introduced over the year to enhance the capacity of the outbound international baggage handling system. Practical capacity has increased by 50%. Further initiatives are planned for FY13, including: hardware upgrades to add redundancy to the system, a transfer loop to assist with baggage flow and a software upgrade to improve baggage tracking and reduce the number of lost bags. All improvements will be trialled on the virtual baggage handling system developed in FY12.

4. COG

Auckland Airport formed COG in March 2012. COG's focus is to improve the end to end passenger journey. The group is attended by Auckland Airport, airline representatives and ground handlers. This forum has taken over from the Lean working group. COG has both a daily meeting and a fortnightly meeting. The day to day meeting focuses on short term issues such as resourcing and off schedule flights. The fortnightly meeting focuses on more strategic issues. The group initially worked on documenting the processes making up the end to end journey. The aim was to identify the pressure points where further analysis should be undertaken. The group also completed scoping work on a project to improve on time performance. In FY13, a project is planned to analyse the behaviour of late passengers to gate.

5. Other initiatives

Auckland Airport completed a number of initiatives in FY12 to improve customer satisfaction. Prior to the Rugby World Cup, Auckland Airport embarked upon a terminal refreshment programme. A number of areas were painted and lighting upgraded. Other initiatives undertaken during FY12 include:

- The launch of an international gate lounge comfort and interior refurbishment programme.
- More SmartGates to facilitate faster passenger processing times.
- Toilet refurbishment and upgrade programme.
- Improved inter-terminal connection, including a new walkway way finding system, new and larger buses and improved signage.
- Mobile digital screens deployed for dynamic and targeted passenger messaging, including multi-lingual messaging.
- A new covered canopy across the international terminal forecourt for pedestrians.
- Updated flight information display boards.
- The provision of additional aviation security screening in the domestic terminal. One of the screening areas was also redesigned to increase queuing space and reduce passenger cross flows.

To ensure that Auckland Airport's performance in improving reliability and customer satisfaction is transparent, Auckland Airport reports to the Regional Facilitation meeting. This meeting is attended by Auckland Airport, airlines, joint border agencies, ground handlers and Board of Airline Representatives New Zealand ('BARNZ'). Reports at the meetings concentrate on the performance in the previous quarter. Airlines are given an opportunity to provide feed-back on performance.

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 2012**

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS

ref *Version 2.0*

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 - B777	4,732	1,507,000
Boeing - B737	6,034	473,662
Boeing - B767	2,258	421,159
Airbus - A340	1,496	407,260
Boeing - B747	979	386,454
Airbus - A320	4,787	367,848
Airbus - A330	1,261	286,408
Airbus - A380	366	208,254
Boeing - B757	241	26,263
Iiyushin - 96	1	240
Gulfstream - 5	7	232
Fokker - 100	5	215
Bombadier - Global Express	3	131
Gulfstream - 4	3	100
Convair - CV 580	3	85
Cessna - 680 Citation Sovereign	4	55
IAI - 1124 Westwind	4	43
Shin Meiwa - U-36	4	34
Cessna - 650 Citation 3	3	31
Embraer - FRJ135	1	23
Cessna - 750 Citation X	1	16
Hawker-Beechcraft - 400 Beechjet	2	15
Pilatus - PC12	3	14
Beech - 1300 Commuter	2	11
AERO - L-60 Brigadyr	1	11
Cessna - 510 Citation Mustang	2	8
Piper - Cheyenne 400	1	5
Total	22,204	4,085,574

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2012**

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont)

ref *Version 2.0*

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

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

Aircraft type	Total number of landings	Total MCTOW (tonnes)
Airbus - A320	8,643	643,673
Boeing - B737	10,632	603,633
Boeing - B777	65	19,444
Boeing - B747	3	1,191
BAE - BAE 146-200	18	720
Boeing - B767	3	561
Anotov - AN-124 Russian	1	392
Airbus - A330	1	230
Bombadier - Global Express	2	87
Gulfstream - 5	1	33
Total	19,369	1,269,962

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

Aircraft type	Total number of landings	Total MCTOW (tonnes)
De Havilland Canada - Dash8	12,588	245,516
Beechcraft - BE1900	14,500	112,593
ATR - 75	2,093	47,720
Convair - CV 580	755	20,122
Fokker - F27	316	6,579
Britten Norman - Trislander	684	3,103
Fairchild - Merlin	311	2,328
Beech - 90 King Air	101	442
Piper - 31	110	387
Beech - 1300 Commuter	67	380
Bae - 3200 Jetsream Super 31	45	331
Jetstream - 3	20	141
IAI - 1124 Westwind	11	117
IAI - Gulfstream G200	4	64
Cessna - 421 Golden Eagle	14	47
Cessna - F406 Caravan 2	7	30
Cessna - 208 Caravan 1	7	25
Embraer - EMB135	1	20
Cessna - 680 Citation Sovereign	1	14
Piper - Cheyenne 400	2	11
Sikorsky - S-76	1	5
Cessna - 441 Conquest 2	1	4
Piper - PA 28 Cherokee Arrow	1	4
SOCATA - TBM-700	1	3
Total	31,641	439,987

Regulated Airport: **Auckland International Airport Limited**
For Year Ended: **30 June 2012**

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 2)

ref *Version 2.0*

(iii) The total number and MCTOW of landings of aircraft not included in (i) and (ii) above during disclosure year

	Total number of landings	Total MCTOW (tonnes)
Air passenger service aircraft less than 3 tonnes MCTOW	2,358	6,783
Freight aircraft	285	77,489
Military and diplomatic aircraft	83	4,821
Other aircraft (including General Aviation)	1,958	16,993

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

	Total number of landings	Total MCTOW (tonnes)
Total	77,898	5,901,610

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	43,621	–	620	44,241
Domestic jet air passenger service movements	36,602	2,334	40	38,976

** 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†	3,143,402	3,865,490	7,008,892
Outbound passengers†	3,093,513	3,903,717	6,997,230
Total (gross figure)	6,236,915	7,769,207	14,006,122
less estimated number of transfer and transit passengers		575,232	575,232
Total (net figure)			13,430,890

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

16d: Airline statistics

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

Domestic	International
Air New Zealand	Aerolineas Argentinas
JetStar Airways	Air Caledonie International
Air Nelson	Air New Zealand
Eagle Airways	Air Pacific
Mount Cook Airlines	Air Tahiti Nui
Great Barrier Air	Air Vanuatu
	Cathay Pacific Airways
	China Airlines
	China Southern Airlines
	Emirates Airlines
	Jetstar Airways
	Jetstar Asia
	Korean Air Lines
	Linea Aerea Nacional de Chile
	Malaysian Airline System
	Pacific Blue Airlines
	Qantas Airways
	Royal Brunei Airlines
	Singapore Airlines
	Thai Airways International

Regulated Airport	**Auckland International Airport Limited**
For Year Ended	**30 June 2012**

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 3)

ref *Version 2.0*

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	171.3	83.2	3.4	257.8
Human resource costs ($000)				27,331

Commentary concerning the report on associated statistics

	2012	2011	% change
Auckland passenger movements			
International arrivals	3,577,874	3,401,737	5.2
International departures	3,616,101	3,420,464	5.7
International passengers excluding transits	7,193,975	6,822,201	5.4
Transits passengers	575,232	569,844	0.9
Total international passengers	**7,769,207**	**7,392,045**	**5.1**
Total domestic passengers	6,236,915	6,040,265	3.3
Total passenger movements	**14,006,122**	**13,432,310**	**4.3**

There is a restatement of international transit passenger numbers in the 2011 financial year. The source of this data is from Immigration New Zealand and they refined their methodology in November 2011.

In 2012, Auckland Airport processed over 14 million passengers – a milestone for the airport and 4.3 percent passenger growth on prior year including 5.4 percent increase in international passengers (excluding transits). Some of this increase can be attributed to the adverse events in 2011 including the Christchurch earthquake, the Chilean ash cloud and the Japanese tsunami which had a negative impact on passenger numbers in 2011, while international passenger growth was also boosted in August – October 2011 during the Rugby World Cup. International route development continues to contribute to international passenger growth with 2012 seeing a full year of services beginning at the end of the 2011 financial year including China Southern services to Guangzhou and Jetstar services to Singapore. In addition, China Southern moved to daily return services to Guangzhou in November 2011 increasing capacity by a further 90,000 seats and Air New Zealand increased frequency to Shanghai and added new seasonal services to Bali and the Sunshine Coast. However, we did also see some downside in airline route decisions which saw the withdrawal of services from Qantas to Los Angeles, Royal Brunei to Brunei and Aerolines Argentina to Buenos Aires during 2012.

Domestic passenger numbers have also rebounded after the withdrawal of Pacific Blue in the prior financial year, with increased capacity taken up by Air New Zealand and a new service added by Jetstar from Auckland to Dunedin adding a significant 129,000 seat capacity to domestic routes.

Passenger arrivals by country of last residence

New Zealanders and Australians based on country of last permanent residence, collectively made up 66.0 percent of international passenger arrivals at Auckland Airport.

The strongest international passenger growth again came from China, with an increase of 31.9 percent, higher than the 26.5 percent increase seen in 2011, and resulting in China surpassing United States of America as the fourth highest passenger arrivals to Auckland, after New Zealand, Australia and the United Kingdom. This growth can be attributed to continued route development work in the Chinese market and particularly China Southern's move to daily return flights in November 2011. Growth also continued from other Asia countries including Singapore (24.7 percent) and Hong Kong (9.9 percent). This increase in China and other Asia country arrivals reaffirmed directors' and managements' belief in the growth from this region and lead to the launch of Ambition 2020 in June 2012, a campaign led by Auckland Airport with a focus on growing route development and international passenger arrivals from three key growth regions – Australia, Asia and America.

The Rugby World Cup in October 2011 also contributed strongly to the increase in arrivals from rugby-mad nations, particularly France (65.7 percent), South Africa (43.5 percent) and Australia (10.2 percent).

Country of Last Permanent Residence	2012 Arrivals	%	2011 Arrivals	%	% change
New Zealand	1,644,836	46.2	1,589,069	46.9	3.5
Australia	715,115	20.1	649,017	19.2	10.2
United Kingdom	173,767	4.9	179,887	5.3	(3.4)
People's Republic of China	168,950	4.7	128,064	3.8	31.9
United States of America	150,766	4.2	154,772	4.6	(2.6)
Japan	56,085	1.6	63,724	1.9	(12.0)
Germany	49,370	1.4	50,814	1.5	(2.8)
Republic of Korea	43,822	1.2	47,232	1.4	(7.2)
Canada	42,918	1.2	42,139	1.2	1.8
France	32,203	0.9	19,438	0.6	65.7
India	28,844	0.8	30,177	0.9	(4.4)
Singapore	27,196	0.8	21,801	0.6	24.7
Hong Kong	24,425	0.7	22,223	0.7	9.9
Fiji	22,010	0.6	20,295	0.6	8.5
South Africa	20,741	0.6	14,454	0.4	43.5
Other / Not captured	361,677	10.1	353,365	10.4	2.4
Total Arrivals	**3,562,725**	100.0	**3,386,471**	100.0	**5.2**

Source: Statistics New Zealand

Aircraft volumes

	2012	2011	% of Change
Aircraft movements			
International aircraft movements	45,094	43,782	3.0
Domestic aircraft movements	110,421	110,508	(0.1)
Total aircraft movements	**155,515**	**154,290**	**0.8**
MCTOW (maximum certificated take-off weight)			
International MCTOW	4,167,792	4,007,728	4.0
Domestic MCTOW	1,733,819	1,682,824	3.0
Total MCTOW	**5,901,611**	**5,690,552**	**3.7**

Total aircraft movements were 155,515, an increase of 0.8 percent from 2011. International aircraft movements increased by 3.0 percent, while domestic aircraft movements decreased by 0.1 percent.

The company's airfield income is determined from the MCTOW (maximum certificated take-off weight) of aircraft landing at Auckland Airport. The total MCTOW was 5,901,611 tonnes, an increase of 3.7 percent from 2011. Total international MCTOW increased 4.0 percent largely driven by new international services and up-guaging of aircraft. In particular, Air New Zealand MCTOW increased through up-guaging of aircraft to Japan and increased frequency of flights to China and Bali. China Southern Airlines MCTOW increased as a result of moving from three return services per week to daily return services from November 2011. New services launched at the end of last financial year including China Airlines (to Taipei via Brisbane) and Jetstar (to Singapore) also contributed to growth in MCTOW in 2012.

Total domestic MCTOW increased by 3.0 percent due to additional services by Air New Zealand and Jetstar more than offsetting the withdrawal of Pacific Blue from domestic services in October 2010.

Human Resource Statistics

The total full time equivalent employees were 257.8 for the year ended 30 June 2012 which is consistent with the year ended 30 June 2011 which was 252.8. The human resource costs include all employee related costs including wages and salaries, superannuation, Kiwisaver contributions, ACC levies, safety equipment, health and safety programmes and training and travel costs associated with employee development.

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Regulated Airport: Auckland International Airport Limited
For Year Ended: 30 June 2012

SCHEDULE 17: REPORT ON PRICING STATISTICS

ref *Version 2.0*

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	3,747
Net operating charges from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	18,034
Net operating charges from airfield activities relating to international flights	56,892
Net operating charges from specified passenger terminal activities relating to domestic passengers	4,632
Net operating charges from specified passenger terminal activities relating to international passengers	121,170

	Number of passengers
Number of domestic passengers on flights of 3 tonnes or more but less than 30 tonnes MCTOW	–
Number of domestic passengers on flights of 30 tonnes MCTOW or more	–
Number of international passengers	**7,769,207**

	Total MCTOW (tonnes)
Total MCTOW of domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	439,987
Total MCTOW of domestic flights of 30 tonnes MCTOW or more	1,269,962
Total MCTOW of international flights	4,085,574

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	Not defined	8.52
Average charge from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	Not defined	14.20
Average charge from airfield activities relating to international flights	7.32	13.93

	Average charge ($ per domestic passenger)	Average charge ($ per international passenger)
Average charge from specified passenger terminal activities	Not defined	15.60

	Average charge ($ per domestic passenger)	Average charge ($ per international passenger)
Average charge from airfield activities and specified passenger terminal activities	Not defined	22.92

Commentary on Pricing Statistics

We do not collect domestic passenger data at different MCTOW weight breaks and therefore have requested and received an exemption from this reporting requirement. However, we have prepared the domestic pricing statistics based on total domestic passengers and MCTOW:

Average charge from airfield activities relating to domestic flights: $21.781 m / 6,236,915 = $3.49 per passenger

Average charge from specified domestic passenger terminal activities: $ 4.632 m / 6,236,915 = $0.74 per passenger

Average charge from domestic airfield activities and specified domestic passenger terminal activities: $26,413,000 / 6,236,915 = $4.23 per passenger, a real decrease of 0.9% per passenger.

The average charge per international passenger from airfield activities and passenger terminal activities increased $0.01 from FY11, a real decrease of 0.9% per passenger.

Auckland Airport

SCHEDULE 20 CERTIFICATION FOR DISCLOSED INFORMATION

Clause 2.7(1)

We, Joan Withers and James Miller, 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:

Joan Withers	James Miller
Director, chair of the board	Director, chair of the audit and risk committee
30 November 2012	

Deloitte.

INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF AUCKLAND INTERNATIONAL AIRPORT LIMITED

Report on the Specified Airport Services Information Disclosure

We have audited the attached Specified Airport Services Information Disclosure Schedules comprised of Schedules 1 through to 17 of Auckland International Airport Limited for the year ended 30 June 2012 (the Schedules). This information is stated in accordance with the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010 (Determination).

Responsibilities of the Board of Directors for the Disclosure Report

The Board of Directors is responsible for the preparation and certification of the Schedules for the year ended 30 June 2012 in accordance with the Determination, and for such internal control as the Board of Directors determine is necessary to enable the preparation of the Schedules that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the Schedules in accordance with clause 2.6 of the Determination based on our audit.

In relation to the historical financial information, we conducted our audit in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand) with the objective of providing reasonable assurance that the disclosures of the historical financial information set out in Schedules 1 through to 10 (the Historical Financial Schedules) for the year ended 30 June 2012 have been prepared, in all material respects, in accordance with the Determination. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Historical Financial Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Historical Financial Schedules. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Historical Financial Schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Historical Financial Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the Historical Financial Schedules.

In relation to the historical non-financial information, we conducted our audit in accordance with the Standard on Assurance Engagements (New Zealand) 3100: *Compliance Engagements* (SAE 3100) with the objective of providing reasonable assurance that the disclosures of the historical non-financial information set out in Schedules 11 through to 17 (the Historical Non-Financial Schedules) for the year ended 30 June 2012 have been prepared in accordance with the requirements of the Determination, including guidance issued pursuant to the Determination, and the information is based on the records provided by Auckland International Airport Limited.

Our procedures included:

- 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; and
- Identifying key inputs to the information in Schedules 11 through to 17 and reconciling or agreeing them to source documents and systems.

In relation to the forecast financial information our procedures included:

- Agreeing the Forecast for Current Disclosure Year column in Schedule 6 to the Pricing Period starting Year+1 column in the price setting event disclosure published on 27 October 2011 (Schedule 18);
- Agreeing the Forecast for Period to Date column in Schedule 6 as the summation of the forecast pricing periods in the price setting event disclosure published on 27 October 2011(Schedule 18);
- Agreeing the Effect of Changes in Asset Allocators CY+1 column in Schedule 9 to the forecast net book value as at 30 June 2013 provided by management; and

Deloitte.

- Agreeing the Effect of Changes in Cost Allocators CY+1 column in Schedule 10 to the budget for the fiscal year 2013 provided by management, which had been approved on 27 June 2012.

Actual results are likely to be different from the forecast financial information since anticipated events frequently do not occur as expected and the variation could be material.

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

Inherent limitations

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 audit provides assurance that the forecast information in Schedule 6, 9 and 10 was the forecast information prepared by the Company and required by the Determination to be included in that disclosure. However, to avoid doubt, it does 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.

Independence

Our firm carries out other assignments for Auckland International Airport Limited in the areas of AGM vote scrutineer assistance and prospectus review procedures. In addition to this, partners and employees of our firm deal with Auckland International Airport Limited on normal terms within the ordinary course of trading activities of the business of Auckland International Airport Limited. The firm has no other relationship with, or interest in, Auckland International Airport Limited.

Opinion

We have obtained all the information and explanations we have required.

In our opinion;

- Subject to Clause 2.6(3) proper records have been kept by Auckland International Airport Limited to enable the complete and accurate compilation of required information, as far as appears from our examination of those records;
- The disclosure information in Schedules 1 to 17 for the year ended 30 June 2012 complies, in all material respects, with the Determination;
- 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), 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 Auckland International Airport Limited.

Use of this Independent Assurance Report

This independent assurance report has been prepared solely for 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

Chartered Accountants
30 November 2012
Auckland, New Zealand

This assurance report relates to the Disclosure Schedules of Auckland International Airport Limited (Company) for the year ended 30 June 2012 included on the Company's website. Through management, the Directors are responsible for the maintenance and integrity of the Company's website. We have not been engaged to report on the integrity of the Company's website. We accept no responsibility for any changes that may have occurred to the Disclosure Schedules since they were initially presented on the website. The assurance report refers only to the Disclosure Schedules named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these Disclosure Schedules. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited Disclosure Schedules and related assurance report dated 30 November 2012 to confirm the information included in the audited Disclosure Schedules presented on this website. Legislation in New Zealand governing the preparation and dissemination of Disclosure Schedules may differ from legislation in other jurisdictions.