WELLINGTON INTERNATIONAL AIRPORT LIMITED

SPECIFIED AIRPORT SERVICES

ANNUAL INFORMATION DISCLOSURE

FOR THE YEAR ENDED 31 MARCH 2018

1. Introduction

Wellington International Airport Limited (**WIAL**) recognises that the purpose of information disclosure, as provided in the Commerce Act 1989 Part 4 (**the Act**), is to provide sufficient information to enable interested persons to assess WIAL's performance over time and in comparison to Auckland International Airport Limited and Christchurch International Airport Limited.

WIAL provides its annual information disclosure and reporting of financial and service quality outcomes (**Annual Disclosure**) for the year ended 31 March 2018. This is WIAL's eighth Annual Disclosure under the information disclosure regime (**ID Regime**).

WIAL has again taken an additional step to prepare a separate regulatory performance summary, which accompanies, but does not form part of, the Annual Disclosure. This summary assesses WIAL's regulatory performance since the start of the ID Regime and addresses all four limbs set out under the Act. WIAL considers that any assessment of airport performance, in particular promoting the long-term benefit of consumers, is best achieved by a contextual review which considers service quality, efficiency, pricing, innovation and investment.

This Executive Summary includes comment on WIAL's performance in relation to:

- ✈ Significant investment in infrastructure, innovation, and improving efficiency
- ✈ Consistent high quality customer service responding to customer demand
- ✈ Sharing the benefits of efficiency gains and growth with customers
- ✈ Delivering value to our customers and earning a fair and reasonable return over time

The Annual Disclosure reports the historic or past results for WIAL. This disclosure should be read in conjunction with WIAL's Price Setting Event Disclosures for its current pricing period 1 June 2014 to 31 March 2019 (**PSE3**). These disclosures set out the forecasts and assumptions applied to determine pricing for PSE3. WIAL considers that any assessment of airport performance should consider both past and forecast returns. Furthermore, WIAL's view is that airports are long-term cyclical assets and as a result analysis should be based on a time series of data rather than any one period in isolation.

2. Significant Investment in Infrastructure, Innovation and Improving Efficiency

Investment in Infrastructure

WIAL is delivering a $125 million aeronautical capital expenditure programme for PSE3, developed through consultation and collaboration with airline partners. This investment reflects WIAL's commitment to providing high quality aeronautical facilities, improving customer experiences, building efficiency and reducing costs. The live operational environment of an airport requires careful design and management of 'brownfields' construction projects to minimise any interruptions to day-to-day operations, reduce the impact on passenger amenities and prioritise passenger and staff safety at all times. WIAL is no exception and in addition its constrained footprint requires innovative approaches to design and construction.

The following major infrastructure projects were delivered or under construction during 2018:

- WIAL invested in its main taxiway, which had reached the end of its useful life. The project included a full resurface and also provided operational enhancements through widening of the taxiway, realignment of taxiway centrelines, and installation of resilient in-ground lighting systems.

- Restrictions surrounding the simultaneous operation of Code D and Code E aircraft have been removed through investment in aircraft movement areas described above and collaboration with the Civil Aviation Authority. This will improve the efficiency of the runway and parallel taxiway and provide greater scheduling flexibility.

- The Multi Level Transport Hub project commenced in February 2016 and is scheduled for completion in late 2018. The Hub will provide more facilities for passenger drop-off/pick-up and ground transport operations including taxis, buses and bicycles. It will also create an extra 1,000 covered car parks with electric vehicle charging and way-finding technology. The structure has been designed to have a low visual impact for the benefit of the surrounding suburbs.

- Construction of a four-star hotel is underway, with opening planned for December 2018. The Hotel will offer 134 beds, targeted at improving the experience of transit passengers and those travelling on earlier or later flights. The Hotel will be fully integrated with the Main Terminal, allowing for convenient access through a redeveloped passenger lounge.

- Work is underway to relocate Air Handling Units from the main terminal concourse to create more space for passenger seating and circulation. The additional space will also improve the ambience of the terminal and provide better lines of sight to assist with wayfinding.

Investment in Technology

New technologies and innovations continue to enhance airport operations and the passenger experience. Wellington Airport is investing in technology in a number of areas to improve operational performance, customer experience, efficiency of expenditure, efficiency of investment and to support route development initiatives:

- Common Use Terminal Equipment, owned by the airport and operated by the airlines, allows different airlines to share the same check-in counters and ticketing systems. This approach, in addition to providing cost efficiencies, enables the growth of new airlines and services within the same terminal footprint.

- Swing gates allow certain terminal areas to transition between international and domestic services, maximizing the utilisation of existing floor space, lounges, reclaim baggage belts, and facilities.

- To improve efficiency at boarding times, self-service boarding gates have been introduced for regional aircraft.

- Five new Smartgates in international arrivals have doubled Customs' processing capacity to manage growing passenger numbers.

- Supervisory Control and Data Acquisition (SCADA) has been installed on all 12 aerobridges at WIAL. The SCADA system allows technicians to undertake real-time monitoring and control of air bridges to ensure any issues are addressed more effectively.

- Bathrooms are now monitored using technology that sends an electronic alert when toilet paper/soap dispensers need filling, rubbish tins need emptying or when large passenger numbers are utilising the toilets. Passenger surveys show that these facilities are maintained to a very high standard, with an average score of 4.2 out of 5.0 for both availability and cleanliness.

- Upgraded CCTV capability supports the safety and security of all airport stakeholders. A state of the art Runway Surveillance System is now in place and can monitor the full length of the runway and parallel taxiway.

- Nose in Guidance Systems are being progressively installed to automatically assist aircraft arriving at jet stands.

- To ensure better security management, monitoring and reporting, a new Gallagher Security System has been implemented throughout the airport, including an electronic key system to replace the use of manual keys.

- A new mobile application uses GIS heat mapping to identify wildlife movements, foreign object debris and pavement issues that could delay services or pose a safety risk.
- Vehicle license plate recognition technology introduced during the year has made the passenger pick up and drop off experience more seamless.
- The Airport Collaborative Decision Making (ACDM) online portal provides real time information to all airport stakeholders to enhance the coordination of operations and on-time performance.

3. Consistent High Quality Customer Service Responding to Customer Demand

WIAL is committed to providing a high level of quality to all users of its airport services, undertaking planned investment and initiatives to facilitate and promote passenger growth in future years and improve any areas of service quality as required.

WIAL continually reviews the quality of service it provides to its passengers and customers including commissioning of passenger surveys and use of a collaborative decision making approach with its stakeholders including airlines and government agencies.

In Schedule 15, WIAL comments on a number of initiatives that have been completed or are currently in progress to deliver further improvements in service quality. These initiatives demonstrate WIAL's achievements and ongoing commitment in the areas of service quality, efficiency and innovation.

- WIAL's Ambassador Programme now involves over 50 volunteers and two kiosks, assisting our passengers in the terminal seven days a week.
- The 6000sqm terminal extension has contributed to the airport's highest customer service score ever and the project won the Tourism Category and Gold Award at the New Zealand Commercial Project Awards. Further upgrades and expansions to the main terminal space are improving passenger circulation, providing more seating and clearer sightlines/wayfinding. WIAL is also bringing the best retail, food and beverage options that Wellington has to offer benchmarked at CBD prices.
- Reconfiguration of the international arrivals area has provided timely capacity enhancements to manage passenger growth.
- In September 2017, Wellington became the first airport in New Zealand to accept Uber. The dedicated ride-sharing zone in the carpark provides another cost-effective way for passengers to travel to and from the airport.

- A rental car hub established next to the baggage hall gives passengers convenient access to a greater range of rental options without leaving the terminal.
- Free WiFi is now available across the entire terminal.
- The parents' room has been refurbished and the amenities improved.
- Additional Flight Information Display Screens (FIDS) have been installed in regional boarding areas to assist the 'Wait in Lounge' concept. Passengers can therefore wait in the main terminal building, where they have access to all facilities, until the time their flight is ready for boarding.
- WIAL provides free entertainment in the terminal including live musical performances, art installations, live art performances, and virtual reality experiences.
- A new in-ground queueing system maximises use of passenger circulation areas.
- WIAL and airport stakeholders provide a 'silent airport' by minimizing announcements and calls over the PA system in the main terminal building and F&B areas.
- The TAKEOFF customer service-training programme has been rolled out, encouraging all members of the airport community to take a proactive role in assisting passengers.

Airport Service Quality

WIAL consistently achieves strong Airport Service Quality (ASQ) ratings across all key service indicators. In 2018, WIAL received its best ever ratings in the quarterly survey with an average score for the year of 4.3 out of 5.0 from both domestic and international passengers (2017: 4.2). These scores compare well against other airports around the world – WIAL is ranked 2nd in Australasia[1] and sits mid-range in its worldwide peer group of airports with 5 to 15 million passengers per annum.

WIAL is pleased to report particularly strong scores in the following ASQ categories:

- ***Courtesy, helpfulness of staff*** – Wellington Airport always scores highly in this category. Staff are very proud of this fact and are committed to maintaining the high standards in this area.
- ***Waiting times*** – WIAL averaged 4.3 across questions covering waiting times (check-in, security screening and passport/visa inspection). This indicates that the timing and scale of WIAL's investments in processing efficiency/capacity is appropriately matched to growth in passenger numbers.

[1] Source: ACI ASQ yearly ranking Q2 2017 – Q1 2018

- ***Cleanliness of airport terminal*** – The score of 4.4 reflects the focus that WIAL has placed on cleanliness, with additional resources being employed to cover new spaces and facilities in the extended terminal area.

- ***Ease of finding your way through the airport*** – Fresh, clear new signage in the extended part of the terminal in conjunction with an ongoing focus on improving wayfinding signage at the airport has made it easy for passengers to find what they are looking for.

- ***Feeling of being safe and secure*** – WIAL is further promoting the safety and security of all airport stakeholders by investing in CCTV infrastructure, upgrading the access control system, and redeveloping the main terminal hall to make it more open and ambient.

Operational Excellence

Airport stakeholders come together three times a year in TEAM ('Together Everyone Achieves More') meetings to discuss the combined service provided to our customers. ASQ results are discussed and ideas for improvement are presented to the forum by stakeholders. Another reoccurring topic is the discussion on service disrupts and the lessons learned from those disrupts. Because of the size of Wellington Airport stakeholders know each other well and are able to make quick and efficient changes to the way the airport operates.

Operational Resilience

The airport is recognised as essential infrastructure for the Wellington region and WIAL is a member of the Wellington Lifelines Council.

The airport terminal buildings are some of the most resilient in Wellington and built to Importance Level Three. The airport is required under the Civil Defence Emergency Management Act to return to a level of safe operations as soon as possible, even if only to assist with a regional recovery effort.

The Lifelines group initiatives include:

- Learning from each other and coordinating activities
- Facilitating discussion, particularly on hazard understanding and risk reduction measures on the Wellington Region's infrastructure
- Identifying and mitigating the effects of hazards on infrastructure
- Facilitating an increased understanding of the interdependencies between infrastructure organisations
- Developing best practice approaches to risk reduction, readiness, response and recovery for lifelines
- Maintaining awareness of the importance of lifelines, and of reducing their vulnerabilities

Other recent and ongoing steps taken by WIAL to build resilience include:

- ✈ Installation of new resilient in-ground lighting
- ✈ Measurement of ground-shaking on two accelerometers to enable accurate and efficient risk assessment and decision making
- ✈ Three fully diverse internet links to safeguard connectivity
- ✈ Maintenance and strengthening of Southern seawalls
- ✈ Implementation of a new fire safety system across the airport

Environment & Sustainability

WIAL understands that the operation and development of Wellington Airport has environmental impacts.

WIAL takes seriously its responsibility to manage the airport in a sustainable and environmentally responsible manner and with a commitment to the following environmental principles:

- ✈ Adopting best practice environmental procedures where practicable
- ✈ Compliance with all applicable environmental legislation and regulations
- ✈ Continuous environmental improvement and prevention of adverse environmental effects
- ✈ Respect for the environment and the efficient use of natural resources in building, construction and operations
- ✈ Understanding environmental issues and risks in the airport's development, operation and maintenance and taking these into account in decision making
- ✈ Establishing an environment that stimulates innovation in efficiencies by our staff and other airport users
- ✈ Monitoring, reporting and review of environmental objectives, targets and programmes
- ✈ Ensuring commitment and support from all TEAM WLG.

Performance Based Navigation routes for aircraft are currently being trialed with monitors assessing any changes in aircraft noise in the community. It is expected to provide more efficient routes, fuel savings and no noticeable noise changes.

WIAL is also scoping initiatives to reduce waste and offset carbon emissions including regional planting of native trees and developing a site-wide plan for Storm Water management discharge.

Safety

WIAL is dedicated to the safety of our customers, employees, community, and country. The airport has a comprehensive safety management system which is audited annually by the Civil Aviation Authority. Teams follow strict safety procedures for all activities and employees are required to complete an Airport Safety Induction course before starting work.

The Airport Fire Service (AFS) is owned and operated by WIAL. It provides 24-hour on-airport emergency response and conducts annual emergency exercises to test the readiness of all the agencies that would be involved in a real emergency.

Recent safety initiatives include:

- *Safety Management System* – CAA conducted a 3-day certification audit of Wellington Airport in this reporting period. The audit was against the new CAA Part 100 rule on Safety Management Systems. As a result our Safety Management System has now formally been accepted by the CAA.

- *Airside driving enhancements* – The airside driver-training package for WIAL staff and stakeholders has been enhanced. It sees the driving exam shifting onto an online platform (MZEE) and the introduction of a practical driving element.

- *Duress alarms at check-in* – Duress alarms have been installed at the check in desks as well as other key locations that have been requested by our airline stakeholders. The purpose of these alarms is to discretely alert WIAL staff of situations that require the assistance of police.

- *Removal of trolley bus wires* – Overhead trolley bus wires have been removed from Calabar Road and Cobham Drive. This has removed the risk of aircraft coming into contact with these wires should they overshoot the runway when operating on RWY34 or undershoot when operating on RWY16.

- *New Hazard ID program* – A new hazard identification program has been launched to further improve reporting and mitigation of potential safety concerns.

- *Airport Safety Week* – The Airport Safety Week is a collaboration between the Australian Airports Association (AAA) and the NZ Airports Association (NZAA). Every day of the week had a different theme including emergency response, PPE, wildlife and foreign object debris. WIAL has actively participated and supported the daily themes with tailored programmes. This included our own safety video, toolbox talks, visits to worksites, airfield tours and our biannual foreign object debris (FOD) walk.

- *Safety Wingman 3* - WIAL has 're-launched' the Safety Wingman health and safety programme for the Hotel development. Wingman is designed to drive improvements in behaviours and encourage workers to not only look out for themselves, but to look out for each other and get home safely. The programme has been used successfully for other large capital projects at WIAL and was a finalist at the 2018 Wellington Gold Awards.

- *Traffic signage* – Three electronic traffic signs have been installed in and around the airfield apron areas. For Airside Safety purposes the signs serve a dual purpose of providing real time

visual indications of their driving speed and capturing important data regarding vehicle movement numbers and the speeds they are travelling.

- ✈ *Evacuation equipment* – Evacuation chairs have been installed throughout the terminal to aid those passengers with mobility issues in the case of an emergency.

- ✈ *Aerobridge Safety* – Systems were installed during the year to more accurately identify the root cause of failures. All users have also been retrained with only accredited operators able to access the controls.

4. Sharing the Benefits of Efficiency Gains and Growth

WIAL is seeking to deliver a high standard of service and quality to its airline partners, customers, and the many businesses and agencies that work at the airport. WIAL's success is inextricably linked with the economic growth of the Wellington region.

To further this growth WIAL is investing in promoting and incentivising a sustainable growth in airline services and in the appropriate infrastructure that provides quality facilities at prices that represent value for money.

WIAL's total passenger numbers reached 6 million for the first time in 2018. Domestic passenger numbers grew 3.4% from the previous year and have grown at an average of 2.7% for the last 20 years. The most significant increases were on the Queenstown, Dunedin and Auckland routes which is being driven by airline competition, introduction of larger aircraft and new service capacity.

Over the last five years international passenger numbers have on average risen by 35,750 a year, 4.4%pa, and the number of international airlines has doubled. The airport's international carriers now comprise Air New Zealand, Qantas, Jetstar, Virgin Australia, Fiji Airways, and Singapore Airlines.

WIAL considers that airports have a significant role in developing a region's connectivity and growth, and in fostering airline competition, and is continuing to invest in infrastructure and airline growth with this in mind. A published Incentive scheme for domestic and international growth is available to airlines, which is intended to encourage and support sustainable new routes and increases in capacity. Airline growth incentives have contributed towards new services and capacity growth providing consumers with more options, increasing competition and contributing to lower airfares.

WIAL has invested significantly in route development over the last few years, contributing to the introduction of new international services from Jetstar, Fiji Airways, Qantas and Singapore Airlines. The Singapore Airlines Boeing 777 service between Wellington and Singapore has been very successful and from the end of April 2018 is flying via Melbourne, providing more dedicated seats to Singapore and beyond.

In addition WIAL has supported our airline partners by providing marketing support to increase the awareness of routes to and from the Wellington region, and also supports New Zealand's Tourism 2025 strategy to sustainably grow air connectivity and improve the regional dispersal of tourists throughout the Country. WIAL also works closely with the Wellington Regional Economic Development Agency to support their efforts to grow business, trade and tourism for the lower North Island and advance the prosperity, vibrancy and livability of the Wellington region.

This year we finalised a Destination Marketing Fund with Wellington's key tourism organisations, WREDA and Tourism NZ. As part of the fund, WREDA has hired Wellington's first China Trade Development Manager to promote the region in Asia.

This will directly contribute towards New Zealand's Tourism 2025 strategy to sustainably grow air connectivity and improve the regional dispersal of tourists throughout the country.

5. Delivering Value to Our Customers and Earning a Fair and Reasonable Return Over Time

WIAL's actual return on investment is reported in Schedule 1 of the Annual Disclosure. The regulatory profit for the year was $33.5m or $28.5m excluding revaluations (2017: $36.8m or $28.3m excluding revaluations). This provides a Return on Investment (**ROI**) of 7.11% or 6.09% excluding revaluations (2017: 8.58% or 6.70% excluding revaluations).

The table below shows actual ROI for the last eight years compared with key benchmarks:

Year	WIAL's Post Tax Return on Investment	WIAL's Return on Investment Excluding Revaluations	Commission's Published 75th Percentile Cost of Capital	Cumulative Revenue Impact of Surplus/Deficit vs 75th Percentile (2)	Commission's Published 50th Percentile Cost of Capital	Cumulative Revenue Impact of Surplus/Deficit vs 50th Percentile (2)
2011	6.16%	5.10%	9.18%	$19.8m shortfall	8.19%	$12.5m shortfall
2012	6.91%	5.46%	8.73%	$31.3m shortfall	7.75%	$17.5m shortfall
2013	6.23%	5.43%	8.04%	$42.1m shortfall	7.06%	$22.2m shortfall
2014	4.18%	6.63%	7.67%	$61.0m shortfall	6.69%	$35.4m shortfall
2015	6.13%	6.05%	8.40%	$72.1m shortfall	7.42%	$41.5m shortfall
2016	9.67%	6.86%	7.69%	$63.2m shortfall	6.71%	$28.5m shortfall
2017	8.58%	6.70%	7.12%	$56.7m shortfall	6.14%	$17.6m shortfall
2018	7.11%	6.09%	7.39% (1)	$57.9m shortfall	6.41%	$14.4m shortfall

(1) For 2018, the 75th percentile cost of capital was not published by the Commission and has been calculated by WIAL using the Commissions' methodology

(2) Revenue impacts are shown at 31 March 2018 present value, discounted using WIAL's 2018 cost of capital

The ROI is calculated in accordance with the Determination by dividing the regulatory return, including CPI indexed asset revaluations and revaluations from updated land revaluations, by the regulatory investment value (comprising the commencing asset base plus an allowance for additions and disposals during the year).

Following the 2016 input methodologies review, the Commission determined that from the 2018 disclosure year it will only publish a midpoint cost of capital for airports. However, WIAL's prices for the current pricing period (2015-2019) were set in 2014, prior to this decision, and are based on the airport's 75th percentile cost of capital at the time (8.36%). WIAL has opted to report against the 75th percentile cost of capital until the end of PSE3, as it provides a comparable benchmark when assessing actual returns and price-setting outcomes.

As shown in the table above, WIAL's actual returns for all years prior to 2016 are below the Commission's cost of capital. The actual returns for 2016, 2017 and 2018 are above the Commission's benchmark, largely due to the revaluation of assets, timing of capital expenditure compared to forecast and a decrease in the risk free rate.

The cumulative return position in the table demonstrates that WIAL is not earning excessive profits and has, overall, been earning revenues at levels below what would be derived from applying the Commission's IMs since the start of ID. The variability in annual returns over the eight year period reflects the wide range of risks inherent in an airport business. Also, the variance between actual and forecast returns demonstrates the need to be cautious in drawing conclusions from targeted returns and should also consider actual returns over a longer period of time.

6. Contact Person

In the case of any queries, the contact person for this disclosure is:

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

Company Name	Wellington International Airport Limited
Disclosure Date	31 August 2018
Disclosure Year (year ended)	31 March 2018
Pricing period starting year (year ended) [1]	31 March 2015

[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, 25 (Annual Disclosure)
Version 4.0. Prepared 21 December 2017

Table of Contents

Schedule	Description
1	REPORT ON RETURN ON INVESTMENT
2	REPORT ON THE REGULATORY PROFIT
3	REPORT ON THE REGULATORY TAX ALLOWANCE
4	REPORT ON REGULATORY ASSET BASE ROLL FORWARD
5	REPORT ON RELATED PARTY TRANSACTIONS
6	REPORT ON ACTUAL TO FORECAST PERFORMANCE
7	REPORT ON SEGMENTED INFORMATION
8	CONSOLIDATION STATEMENT
9	REPORT ON ASSET ALLOCATIONS
9	REPORT ON ASSET ALLOCATIONS (2010)
9	REPORT ON ASSET ALLOCATIONS (2009)
10	REPORT ON COST ALLOCATIONS
11	REPORT ON RELIABILITY MEASURES
12	REPORT ON CAPACITY UTILISATION INDICATORS FOR AIRCRAFT AND FREIGHT ACTIVITIES AND AIRFIELD ACTIVITIES
13	REPORT ON CAPACITY UTILISATION INDICATORS FOR SPECIFIED PASSENGER TERMINAL ACTIVITIES
14	REPORT ON PASSENGER SATISFACTION INDICATORS
15	REPORT ON OPERATIONAL IMPROVEMENT PROCESSES
16	REPORT ON ASSOCIATED STATISTICS
17	REPORT ON PRICING STATISTICS

Disclosure Template Guidelines for Information Entry

Internal consistency check | OK

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

Data entry cells and calculated cells
Data entered into this workbook may be entered only into the data entry cells. Data entry cells are the bordered, unshaded areas in each template. Under no circumstances should data be entered into the workbook outside a data entry cell.
In some cases, where the information for disclosure is able to be ascertained from disclosures elsewhere in the workbook, such information is disclosed in a calculated cell. Under no circumstances should the formulas in a calculated cell be overwritten. All cells that are not data entry cells may be locked using worksheet protection to ensure they are not overwritten.

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

Data entry cells for text entries
Data input cells that display the data validation input message "Short text entry cell" have a maximum text length of 253 characters. Because of page layout constraints, this text length is unlikely to be approached . The amount of text that may be entered in the comment boxes is restricted only by the capacity of the spreadsheet program and page layout constraints. Should a comment box within a template be inadequate to fully present the disclosed comments, comments may be continued outside the template. The comment box must then contain a reference to identify where in the disclosure the comment is continued.
Row widths can be adjusted to increase the viewable size of text entries.
A paragraph feed may be inserted in an entry cell by holding down both the {alt} and the {shift} keys.

Data entry cells that contain conditional formatting
A limited number of data entry cells may change colour or disappear from view in response to data entries (including date entries) made in the workbook. This feature has been implemented to highlight data being entered that is not internally consistent with other data currently entered, and to hide data entry cells for conditionally disclosed information when the determination does not require the data be disclosed.
a) Internal consistency checks
To assist with data entry, the shading of the following data entry cells will change if the cell content becomes inconsistent with data elsewhere in the template:
Schedule 4, cells N110:N118, J30;
Schedule 7, cells K8:K14, K16:K18, K20, K22, K24, K26, K28, K30, K32.
Should such inconsistency be identified, the shading of the internal consistency check cell C4 at the top of the Guidelines worksheet will also change and the check cell will show "Error" instead of "OK".
b) Conditionally disclosed information
The determination allows in some circumstances that data do not need to be disclosed. Accordingly, the following cells are conditionally formatted to disappear from view (the borders are removed and the interior of the cells takes on the colour of the template background) in some circumstances:
Schedule 1, cells F9:F12, F14:F15, F17:F18, G9:G12, G14:G15, G17:G18;
In schedule 1, the column F cells listed above disappear if the determination does not require Part 4 disclosure in respect of year CY – 2 (CY is the current disclosure year). Similarly, the column G cells disappear if disclosure in not required in respect of year CY – 1.

Schedule 6 comparison of actual and forecast expenditures
Clause 6a of schedule 6 compares actual expenditures with expenditures forecast in respect of the most recent price setting event.
The calculated cells G10:G11, G14:G16, G19:G28 determine, from clause 6b, the forecast expenditure for the current disclosure year.
The calculated cells M10:M11, M14:M16, M19:M28 determine, from clause 6b, the forecast expenditure to date.
The formulas in the calculated cells assume that the current disclosure falls within the five year pricing period. Cell C65 notes which of the pricing period years disclosed in clause 6b coincides with the current disclosure year.

Regulated Airport: **Wellington International Airport Limited**
For Year Ended: **31 March 2018**

SCHEDULE 1: REPORT ON RETURN ON INVESTMENT

ref *Version 4.0*

1a: Return on Investment

($000 unless otherwise specified)

			CY-2 *	CY-1 *	Current Year CY
	Return on Investment (ROI)	*for year ended*	**31 Mar 16**	**31 Mar 17**	**31 Mar 18**
	Regulatory profit / (loss)		38,351	36,777	33,487
less	Notional interest tax shield		857	766	1,061
	Adjusted regulatory profit		37,494	36,011	32,425
	Regulatory investment value		387,905	419,676	455,923
	ROI—comparable to a post tax WACC (%)		9.67%	8.58%	7.11%
	Post tax WACC (%)		6.71%	6.14%	6.41%
	ROI—comparable to a vanilla WACC (%)		9.89%	8.76%	7.34%
	Vanilla WACC (%)		6.93%	6.33%	6.64%

Commentary on Return on Investment

WIAL has provided commentary on its return on investment in the Executive Summary accompanying these Annual Disclosures. The current year ROI is 7.11% or 6.09% excluding the $4.96m CPI revaluation as outlined in the table below.

	Including CPI revaluation	Excluding CPI revaluation
Adjusted regulatory profit	32,425	27,461
Regulatory investment value	455,923	450,959
Post-tax ROI	7.11%	6.09%

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

	Regulated Airport	**Wellington International Airport Limited**
	For Year Ended	**31 March 2018**

SCHEDULE 1: REPORT ON RETURN ON INVESTMENT (cont)

ref *Version 4.0*

($000 unless otherwise specified)

1b: Notes to the Report

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

RAB value - previous year		452,427
Debt leverage assumption (%)		19.0%
Cost of debt assumption (%)		4.41%
Notional deductible interest		3,791
Tax rate (%)		28.0%
Notional interest tax shield		1,061

1b(ii): Regulatory Investment Value

Regulatory asset base value - previous year		452,427

	Commissioned Projects	Assets Commissioned—RAB Value ($000)	Proportion of Year Available (%)	Proportionate Regulatory Value
	Gates	96	100%	96
	Aprons	347	58%	203
	Movement Areas	1,135	92%	1,041
	Main Terminal Building	1,095	92%	1,004
	Information Technology	1,186	83%	988
		–	–	–
		–	–	–
		–	–	–
		–	–	–
plus	Other assets commissioned	1,338	50%	669
plus	Adjustment for merger, acquisition or sale activity	–	–	–
less	Asset disposals	1,009	50%	504
	RAB investment	4,189		
	RAB proportionate investment			3,496
	Regulatory investment value			455,923

Regulated Airport	**Wellington International Airport Limited**
For Year Ended	**31 March 2018**

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT

ref *Version 4.0*

2a: Regulatory Profit

			($000)
Income			
	Landing and parking charges	42,096	
	Terminal charges	31,287	
	Counter charges	738	
	Noise mitigation charges	2,033	
	Lease, rental and concession income	3,926	
	Other operating revenue	–	
	Net operating revenue		80,080
	Gains / (losses) on sale of assets	–	
	Other income	–	
	Total regulatory income		80,080
Expenses			
	Operational expenditure:		
	Corporate overheads	5,088	
	Asset management and airport operations	15,355	
	Asset maintenance	2,092	
	Total operational expenditure		22,535
Operating surplus / (deficit)			57,545
	Regulatory depreciation		16,566
plus	Indexed revaluation	4,964	
plus	Periodic land revaluations	–	
	Total revaluations		4,964
Regulatory Profit / (Loss) before tax			45,943
less	Regulatory tax allowance		12,456
Regulatory Profit / (Loss)			33,487

Commentary on Regulatory Profit

The regulatory profit has decreased from the previous year to $33.5m (2017: $36.8m), providing a Return on Investment (ROI) of 7.11% or 6.09% excluding revaluations (2017: 8.58% or 6.70% excluding revaluations). WIAL has provided further commentary on its regulatory profit in the Executive Summary accompanying these Annual Disclosures.

Regulated Airport	**Wellington International Airport Limited**
For Year Ended	**31 March 2018**

SCHEDULE 2: REPORT ON THE REGULATORY PROFIT (cont)

ref *Version 4.0*

($000 unless otherwise specified)

2b: Notes to the Report

2b(i): Financial Incentives

	($000)
Pricing incentives	4,495
Other incentives	700
Total financial incentives	5,195

2b(ii): Rates and Levy Costs

	($000)
Rates and levy costs	1,423

2b(iii): Merger and Acquisition Expenses

	($000)
Merger and acquisition expenses	–

Justification for Merger and Acquisition Expenses

N/A					

Regulated Airport	**Wellington International Airport Limited**
For Year Ended	**31 March 2018**

SCHEDULE 3: REPORT ON THE REGULATORY TAX ALLOWANCE

ref *Version 4.0*

3a: Regulatory Tax Allowance

ref					($000)
7		Regulatory profit / (loss) before tax			45,943
8					
9	*plus*	Regulatory depreciation	16,566		
10		Other permanent differences—not deductible	41	*	
11		Other temporary adjustments—current period	1,145	*	
12					17,752
13					
14	*less*	Total revaluations	4,964		
15		Tax depreciation	11,347		
16		Notional deductible interest	3,791		
17		Other permanent differences—non taxable	–	*	
18		Other temporary adjustments—prior period	(894)	*	
19					19,208
20					
21		Regulatory taxable income (loss)			44,487
22					
23	*less*	Tax losses used	–		
24		Net taxable income			44,487
25					
26		Statutory tax rate (%)	28.0%		
27		Regulatory tax allowance			12,456

** 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).

The tax adjustments/differences detailed in Schedule 3 were determined as follows:

• Other permanent differences - not deductible - 50% of entertainment expenditure is non-deductible expenditure for tax purposes and this adjustment represents the allocated share of the total non-deductible expenditure in WIAL's 2018 tax return. Entertainment expenditure was allocated to the regulated cost base following application of the cost allocation processes detailed in Schedule 10. The aeronautical share of entertainment expenses was applied to the tax adjustment in WIAL's tax calculation schedule for the 2018 financial year - comprising a company cost of $56,502 multiplied by a 73.04% aeronautical share of this expense.

• Other temporary adjustments current period - these comprise year end accruals for human resource costs (annual leave, bonus provision and ACC levies) that are not deductible in the year they are accrued. These amounts represent the amounts allocated to the aeronautical business - comprising a company accrual of $1,855,076 multiplied by a 77.16% aeronautical share of this expense.

• Other temporary adjustments prior period - these comprise the human resource year end accruals as described above for the previous year.

WIAL notes that the Determination currently defines “other temporary adjustments – prior period” to include depreciation. The Commission has separately confirmed that depreciation should be excluded from this adjustment and on 22 March 2012 provided WIAL with an exemption from the requirement in the Determination.

3b(ii): Tax Depreciation Roll-Forward

ref			($000)	($000)
45		Opening RAB (Tax Value)	235,251	
46	*plus*	Regulatory tax asset value of additions	4,678	
47	*less*	Regulatory tax asset value of disposals	2	
48	*plus*	Regulatory tax asset value of assets transferred from/(to) unregulated asset base	(121)	
49	*less*	Tax depreciation	11,347	
50	*plus*	Other adjustments to the RAB tax value	147	
51		Closing RAB (tax value)		228,606

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

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

Regulated Airport: **Wellington International Airport Limited**
For Year Ended: **31 March 2018**

SCHEDULE 4: REPORT ON REGULATORY ASSET BASE ROLL FORWARD

Version 4.0

ref		Unallocated RAB * ($000)	Unallocated RAB * ($000)	RAB ($000)	RAB ($000)
8	**RAB value—previous disclosure year**		465,119		452,427
9	*less*				
10	**Regulatory depreciation**		17,304		16,566
11	*plus*				
12	Indexed revaluations	5,103		4,964	
13	Periodic land revaluations	–		–	
14	**Total revaluations**		5,103		4,964
15	*plus*				
16	Assets commissioned (other than below)	5,542		4,698	
17	Assets acquired from a regulated supplier	–		–	
18	Assets acquired from a related party	499		499	
19	**Assets commissioned**		6,042		5,198
20	*less*				
21	Asset disposals (other)	2		1	
22	Asset disposals to a regulated supplier	–		–	
23	Asset disposals to a related party	1,008		1,008	
24	**Asset disposals**		1,009		1,009
25					
26	*plus* **Lost and found assets adjustment**		–		–
27					
28	**Adjustment resulting from cost allocation**				1,145
29					
30	**RAB value** †		457,951		446,158

31 **Commentary**

Related Party Acquisitions/Disposals
When the use of an asset changes between regulated and unregulated activities, the value of those assets is transferred in or out of the RAB. These adjustments are shown above as assets acquired from, or disposed to, related parties.
In 2018, 1756 sqm of land with a value of $0.5m was transferred into the RAB and 7120 sqm of land with a value of $1.0m was transferred out of the RAB.

Asset Disposals
2018 disposals comprised primarily of IT and facilities equipment such as mobile phones, computers, and tools which had reached the end of their useful lives.

Cost Allocation Adjustment
WIAL's methodology for the allocation of common/shared assets to regulated and non-regulated activities has not changed from the previous year. The allocation methodology is detailed in Schedule 9. The allocation factors, such as land areas, are updated each year to reflect any changes in underlying drivers during the period.

50 .

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

52 **4b: Notes to the Report**

53 **4b(i): Regulatory Depreciation**

		Unallocated RAB ($000)	RAB ($000)
56	Standard depreciation	17,304	16,566
57	Non-standard depreciation	–	–
58	**Regulatory depreciation**	17,304	16,566

59

Regulated Airport: **Wellington International Airport Limited**
For Year Ended: **31 March 2018**

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

ref | *Version 4.0*

($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

	CPI at CPI reference date—previous year (index value)			1,000
	CPI at CPI reference date—current year (index value)			1,011
	Revaluation rate (%)			1.10%
		Unallocated RAB		**RAB**
	RAB value—previous disclosure year	465,119		452,427
less	Revalued land	0	(0)	
less	Assets with nil physical asset life	198	168	
less	Asset disposals	1,009	1,009	
less	Lost asset adjustment	–	–	
	Indexed revaluation	5,104		4,964

4b(v): Works Under Construction

		Unallocated works under construction		Allocated works under construction	
	Works under construction—previous disclosure year		46,961		12,347
plus	Capital expenditure	63,911		28,577	
less	Asset commissioned	6,042		5,198	
less	Offsetting revenue	–		–	
plus	Adjustment resulting from cost allocation				0
	Works under construction		104,830		35,727

Regulated Airport: **Wellington International Airport Limited**
For Year Ended: **31 March 2018**

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

ref *Version 4.0*

4b(vi): Capital Expenditure by Primary Purpose

ref				
105		Capacity growth	3,930	
106	*plus*	Asset replacement and renewal	24,647	
107		Total capital expenditure		28,577

4b(vii): Asset Classes

ref			Land	Sealed Surfaces	Infrastructure & Buildings	Vehicles, Plant & Equipment	Total *
110		RAB value—previous disclosure year	121,833	144,469	170,978	15,147	452,427
111	*less*	Regulatory depreciation	–	5,432	7,849	3,285	16,566
112	*plus*	Indexed revaluations	1,329	1,589	1,880	166	4,964
113	*plus*	Periodic land revaluations	–				–
114	*plus*	Assets commissioned	499	1,508	1,283	1,908	5,198
115	*less*	Asset disposals	1,008	–	–	1	1,009
116	*plus*	Lost and found assets adjustment	–	–	–	–	–
117	*plus*	Adjustment resulting from cost allocation	241	20	747	136	1,145
118		RAB value	122,895	142,154	167,039	14,071	446,158

** 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	7,722	5,439	456	3	12,708
122	*plus*	Assets held for future use—additions[1]	1	976	118	(573)	285
123	*less*	Transfer to works under construction	–	–	–	–	–
124	*less*	Assets held for future use—disposals	614	489	48	(23)	1,032
125		Assets held for future use[2]	7,109	5,926	526	(548)	11,962

[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' .*

127	Highest rate of finance applied (%)	5.38%

128

Regulated Airport	Wellington International Airport Limited
For Year Ended	31 March 2018

SCHEDULE 5: REPORT ON RELATED PARTY TRANSACTIONS

ref *Version 4.0*

5(i): Related Party Transactions

	($000)
Net operating revenue	–
Operational expenditure	6,212
Related party capital expenditure	499
Market value of asset disposals	1,008
Other related party transactions	–

5(ii): Entities Involved in Related Party Transactions

Entity Name	Related Party Relationship
NZ Airports Limited	Shareholder (66%)
Wellington City Council	Shareholder (34%)
Infratil Limited	Owner of NZ Airports Limited
HRL Morrison & Co	Management company of Infratil that employs certain WIAL directors
Wellington International Airport Limited	Unregulated activities of the Airport
Other	Key Management Personnel

5(iii): Related Party Transactions

Entity Name	Description of Transaction	Average Unit Price ($)	Value ($000)
Wellington City Council	Gross value of property rates, grants, consents and compliance costs	–	3,348
Infratil Limited	Insurance and other costs	–	65
HRL Morrison & Co	Consultancy fees	–	15
Wellington International Airport Limited	Asset transfers from unregulated activities to regulated activities (refer to schedule 4 for further detail)	–	499
Wellington International Airport Limited	Asset transfers from regulated activities to unregulated activities (refer to schedule 4 for further detail)	–	1,008
Other (Wellington International Airport Limited - Key Management Personnel)	Short term employee benefits for the allocation of Key Management Personnel - includes Directors and Executive Management	–	2,784

Commentary on Related Party Transactions

Only the aeronautical portion of related party transactions are disclosed. Averages have not been reported for transaction categories because there is no base for calculating an average unit price for these items.

WIAL's directors are listed in its Annual Report which is available on its website (www.wellingtonairport.co.nz).
Infratil insurance and other costs relate to group insurance policies and other costs that are paid by Infratil and oncharged to WIAL.

Regulated Airport For Year Ended: **Wellington International Airport Limited** — **31 March 2018**

SCHEDULE 6: REPORT ON ACTUAL TO FORECAST PERFORMANCE

ref *Version 4.0*

6a: Actual to Forecast Expenditure

($000)

	Actual for Current Disclosure Year (a)	Forecast for Current Disclosure Year* (b)	% Variance (a)/(b)-1	Actual for Period to Date (a)	Forecast for Period to Date* (b)	% Variance (a)/(b)-1
Expenditure by Category						
Capacity growth	3,930	3,562	10.3%	66,312	47,563	39.4%
Asset replacement and renewal	24,647	15,464	59.4%	49,351	64,137	(23.1%)
Total capital expenditure	28,577	19,026	50.2%	115,663	111,700	3.5%
Corporate overheads	5,088	4,081	24.7%	15,842	15,455	2.5%
Asset management and airport operations	15,355	13,556	13.3%	51,543	53,053	(2.8%)
Asset maintenance	2,092	2,487	(15.9%)	9,086	10,638	(14.6%)
Total operational expenditure	22,535	20,124	12.0%	76,471	79,146	(3.4%)
Key Capital Expenditure Projects						
Marine Protection	269	900	(70.1%)	2,259	3,313	(31.8%)
Gates	3	55	(94.2%)	448	1,465	(69.4%)
Aprons	2,126	336	532.7%	6,275	3,445	82.1%
Movement Areas	13,850	10,559	31.2%	18,846	17,043	10.6%
Operational Compliance Works	99	–	Not defined	1,208	4,332	(72.1%)
Other Airside Works	–	79	(100.0%)	–	388	(100.0%)
Other Airfield (including Clearway)	–	–	Not defined	37	1,751	(97.9%)
Relocation AFS/ Airside Operations	–	–	Not defined	–	4,769	(100.0%)
MAGS / Guard Lights	–	–	Not defined	–	2,081	(100.0%)
Runway Capacity Utilisation Improvements	–	2,198	(100.0%)	–	2,198	(100.0%)
Southern Apron Development (Stage 2)	–	1,364	(100.0%)	–	1,364	(100.0%)
Terminal South Extension - Terminal	554	–	Not defined	50,351	31,924	57.7%
Terminal South Extension - Southern Apron	–	–	Not defined	–	11,702	(100.0%)
Main Terminal Building - Central Hall	1,142	–	Not defined	1,414	1,394	1.4%
Multi Level Transport Hub - Roading and Infrastructure	2,234	–	Not defined	5,093	–	Not defined
North Terminal Development - Domestic Passenger Facilitation	–	–	Not defined	1,635	2,040	(19.9%)
International Arrivals Enhancements	–	–	Not defined	7,821	–	Not defined
Noise Mitigation Works	–	1,633	(100.0%)	625	8,076	(92.3%)
Other capital expenditure	8,300	1,902	336.4%	19,651	14,415	36.3%
Total capital expenditure	28,577	19,026	50.2%	115,663	111,699	3.5%

Explanation of Variances

CAPITAL EXPENDITURE
In the year ended 31 March 2018, actual capital expenditure was $9.6m higher than forecast ($28.6m vs $19.0m), while the PSE3 period-to-date spend of $115.7m is $4.0m ahead of the forecast of $111.7m. Explanations of actual expenditure incurred for each capital expenditure category is provided below. Schedule 15 also contains further information on key projects that WIAL progressed during 2018.

Marine Protection
2018 and PSE3 to date
Capital expenditure on Marine Protection was $0.6m below the 2018 forecast and is $1.1m below period-to-date forecast. The forecast provides for reactuve capital maintenance and the installation of Akmon blocks to the Southern and Western Seawalls. Further manufacturing and deployment of Akmon blocks is planned for 2019.

Gates, Aprons and Movement Areas
2018 and PSE3 to date
Capital expenditure for Gates, Aprons and Movement Areas is managed in aggregate. The overall actual capital expenditure of $16.0m for 2018 was $5.0m above forecast while spending for PSE3 to date is $3.6m above forecast. This variance primarily relates to higher than anticipated costs for resurfacing the taxiway, which had reached the end of its useful life. The actual cost of this project has risen due to a strong increase in construction costs. Extensive work is also being undertaken to address regulatory deficiencies by widening the taxiway, realigning the taxiway centrelines, and installing resilient in-ground lighting systems. This project commenced in 2018 and is expected to be completed in 2019.

Operational Compliance Works
2018
$0.1m was spent in 2018 (compared with nil forecast). This relates to the installation of a Nose-in Guidance unit ("NIGS") on an additional gate.
PSE3 to date
Capital Expenditure is $3.1m below forecast for PSE3 period-to-date. The forecast for this category included provision for jet blast deflectors, NIGS units and upgrading the pedestrian subway. The NIGS rollout is expected to continue in 2019 while the jet blast deflectors project has been deferred . The pedestrian subway project was completed in 2015 at a lower than forecast cost.

Other Airfield (including Clearway)
2018 and PSE3 to date
The Clearway project was completed earlier than expected in 2014 (during PSE2), enabling increased payload for certain aircraft operating out of Wellington.

Relocation AFS/Airside Operations
2018 and PSE3 to date
Capital expenditure on the relocation of AFS/Airside Operations was initially envisaged as being required during the PSE3 pricing period but is now expected to be progressed in the PSE4 pricing period, subject to consultation with airlines.

Movement Area Guidance Signage (MAGS)/Guard Lights
2018 and PSE3 to date
WIAL has installed the first two stages of MAGS, with a third expected to be completed in FY19. Guard Lights at taxi hold point was initially planned for 2016, but has been deferred until FY20.

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

** Disclosure year coincides with Pricing Period Starting Year + 3.*

Regulated Airport For Year Ended | **Wellington International Airport Limited** | **31 March 2018**

SCHEDULE 6: REPORT ON ACTUAL TO FORECAST EXPENDITURE

Version 3.0

Explanation of Variances (continued)

CAPITAL EXPENDITURE (continued)

North Terminal Development – Domestic Passenger Facilitation

2018 and PSE3 to date

The North Pier reconfiguration work was completed in January 2015 for $1.6m actual compared to the $2.0m forecast for the 2015 year.

Terminal South Extension

The PSE3 forecast for the Terminal South Extension project ("TSE") was broken down into separate terminal and apron elements but the actual expenditure was subsequently combined due to the interdependencies between the two elements of the project.

2018

Capital expenditure for 2018 represents the release of retentions for the TSE project, which was completed in 2017. An explanation for timing differences in expenditure is provided in the paragraph below.

PSE3 to date

The TSE project was opened in November 2016, and was delivered within the Board approved budget.

Actual capital expenditure for TSE was $50.4m compared to PSE3 forecast of $43.6m across the two TSE key capital expenditure projects. The project had been expected to enter the construction phase in August 2014 but construction did not ultimately commence until December 2014 due to an extended period of consultation with substantial airline customers. The scope of the project also increased compared to the pricing forecast, primarily due to increased demand on turbo prop aircraft parking driving changes to project sequencing and the addition of additional airfield in-ground lighting works not originally in scope.

Main Terminal Building - Central Hall

2018 and PSE3 to date

MTB Central Hall capital expenditure was $1.1m for the year (compared with nil forecast). The variance is due to the planned project start date being deferred from 2015 until the completion of the Terminal Southern Extension in 2017. Total spend to date of $1.4m is in line with forecasts and development will continue in 2019.

Multi Level Transport Hub - Roading and Infrastructure

2018 and PSE3 to date

The Transport Hub project was not included in the PSE3 foreast. The new structure includes certain shared roading elements which provide access for pick-up and drop-off as well as facilitating other ground transport movements. The $5.1m spend to date represents the aeronautical component of expenditure on shared elements of the project.

International Arrivals Enhancement

2018 and PSE3 to date

The International Arrivals Enhancement was not included in the PSE3 foreast. The project has been undertaken to help manage the large unforecast increases in international passenger numbers and to improve the level of service provided.

Noise Mitigation Works

2018 and PSE3 to date

Capital expenditure in this category relates primarily to the acquisition of noise affected houses surrounding the airport, however acquisitions are dependent on home owners offering their properties for sale. WIAL has made six house purchases during PSE3 to date, compared with the 18 forecasted between 2015 and 2018. Actual expenditure reported is low due to the buildings being removed and written-off after purchase (treated as an operating rather than capital expense).

Other capital expenditure

2018 and PSE3 to date

Other capital expenditure was $8.3m in 2018 compared to a forecast of $1.9m and the PSE3 spend to date is $19.7m compared with forecast of $14.4m. This category covers a range of investment areas and the spend to date is summarised below:

- $0.9m - Demolition of an aircraft hangar which had reached the end of its useful life
- $0.6m - Upgrades to terminal buildings and faciltiies such as roofing, toilets, airconditioning, passenger seating and wayfinding systems
- $1.3m - Upgrading the Airport Fire Service vehicle fleet
- $0.5m - CCTV and surveillance capability to improve security and allow comprehensive monitoring of the runway
- $0.6m - Implementing a new access control system across the airport
- $0.2m - Installing an upgraded fire safety system
- $4.6m - Information technology investments including common-use terminal equipment, upgrades to the core network, installing resilient internet infrastructure and free wifi, and transitioning to cloud-based software
- $1.5m - Upgrading the baggage handling system and implementing domestic baggage hold changes required by regulations
- $0.4m - Enhancing Regional Departure Processing systems to provide greater reliability and efficiency
- $0.9m - Equipment and on-site facilties for airport operations and maintenance teams
- $8.0m - Average $2.0m annual spend on other general aeronautical works. The 2018 spend included rubbish recycling areas, vehicles, aerobridge upgrades, wayfinding signage, and health & safety initiatives

OPERATIONAL EXPENDITURE

2018

Operational Expenditure for the year was $22.5m compared to a forecast of $20.1m. Key components of this variance are described below.

- Rates for the year were $0.3m above forecast, driven by higher than expected rates increases and growing asset values
- Software/Computer Maintenance is $0.3m above forecast due to the ongoing investment in information technology. In particular, the transition from on-premises to cloud-based products
- Cleaning costs are $0.2m higher due to the additional facilities and space covered by Terminal South Extension
- Additional staffing costs have been incurred to employ a dedicated Baggage Handling System team to manage the reliability of the system as it approaches the end of its useful life
- Passenger growth was one of the primary PSE3 opex forecasting assumptions. WIAL has experienced actual passenger growth of 3.1% over PSE3 to date compared with the forecast assumption of 2.1%.

PSE3 to date

The period-to-date spend of $76.5m is slightly below the forecast of $79.1m. This has mainly been driven by the cumulative impact of lower than forecast inflation across the entire PSE3 pricing period. The operational expenditure component of the Noise Mitigation project has also been lower than expected, reflecting the fewer than forecast number of homes that have been acquired/insulated to date. These factors are partially offset by more rapid passenger growth as noted above plus higher rates, cleaning, IT and baggage handling costs.

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

** Disclosure year Pricing Period Starting Year .*

Regulated Airport: **Wellington International Airport Limited**
For Year Ended: **31 March 2018**

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

Version 4.0

6b: Forecast Expenditure

From most recent disclosure following a price setting event

Starting year of current pricing period (year ended): 31 March 2015

Expenditure by Category	for year ended	Pricing Period Starting Year 31 Mar 15	Pricing Period Starting Year + 1 31 Mar 16	Pricing Period Starting Year + 2 31 Mar 17	Pricing Period Starting Year + 3 31 Mar 18	Pricing Period Starting Year + 4 31 Mar 19
Capacity growth		15,337	28,664	–	3,562	8,943
Asset replacement and renewal		23,079	11,321	14,273	15,464	4,221
Total forecast capital expenditure		38,416	39,985	14,273	19,026	13,164
Corporate overheads		3,606	3,770	3,998	4,081	3,895
Asset management and airport operations		12,818	13,532	13,147	13,556	13,044
Asset maintenance		2,392	2,842	2,917	2,487	2,549
Total forecast operational expenditure		18,816	20,144	20,062	20,124	19,488

Key Capital Expenditure Projects	for year ended	Pricing Period Starting Year 31 Mar 15	Pricing Period Starting Year + 1 31 Mar 16	Pricing Period Starting Year + 2 31 Mar 17	Pricing Period Starting Year + 3 31 Mar 18	Pricing Period Starting Year + 4 31 Mar 19
Marine Protection		842	518	1,053	900	550
Gates		797	201	412	55	61
Aprons		926	949	1,234	336	37
Movement Areas		4,619	1,041	824	10,559	183
Operational Compliance Works		2,909	–	1,423	–	367
Other Airside Works		109	99	101	79	61
Other Airfield (including Clearway)		1,751	–	–	–	–
Relocation AFS/ Airside Operations		–	–	4,769	–	–
MAGS / Guard Lights		–	2,081	–	–	–
Runway Capacity Utilisation Improvements		–	–	–	2,198	–
Southern Apron Development (Stage 2)		–	–	–	1,364	6,944
Terminal South Extension - Terminal		11,787	20,138	–	–	–
Terminal South Extension - Southern Apron		4,570	7,132	–	–	–
Main Terminal Building - Central Hall		–	1,394	–	–	–
Main Terminal Building - Building Flow		–	–	–	–	3,333
North Terminal Development - Domestic Passenger Facilitation		2,040	–	–	–	–
North Terminal Development - International Expansion		–	–	–	–	–
Noise Mitigation Works		2,383	2,491	1,569	1,633	–
Other capital expenditure		5,683	3,942	2,888	1,902	1,629
Total forecast capital expenditure		38,415	39,985	14,273	19,026	13,164

Regulated Airport: **Wellington International Airport Limited**
For Year Ended: **31 March 2018**

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

ref *Version 4.0*

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

Proposed risk allocation adjustment	Units used	Actual for Current Disclosure Year (a)	Forecast for Current Disclosure Year* (b)	% Variance (a)/(b)-1	Actual for Period to Date (a)	Forecast for Period to Date* (b)	% Variance (a)/(b)-1	Estimated present value of the proposed risk allocation adjustment ($000)
		–	–	Not defined	–	–	Not defined	–
		–	–	Not defined	–	–	Not defined	–
		–	–	Not defined	–	–	Not defined	–
		–	–	Not defined	–	–	Not defined	–
		–	–	Not defined	–	–	Not defined	–
		–	–	Not defined	–	–	Not defined	–
		–	–	Not defined	–	–	Not defined	–
		–	–	Not defined	–	–	Not defined	–
		–	–	Not defined	–	–	Not defined	–

**include additional rows if needed*

Total proposed risk allocation adjustments: –

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

N/A

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

** Disclosure year Pricing Period Starting Year .*

Regulated Airport: **Wellington International Airport Limited**
For Year Ended: **31 March 2018**

SCHEDULE 7: REPORT ON SEGMENTED INFORMATION

ref *Version 4.0*

($000)

	Specified Passenger Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business*
Landing and parking charges	–	42,096	–	42,096
Terminal charges	31,287	–	–	31,287
Counter charges	738	–	–	738
Noise mitigation charges	–	2,033	–	2,033
Lease, rental and concession income	2,166	8	1,752	3,926
Other operating revenue	–	–	–	–
Net operating revenue	34,191	44,137	1,752	80,080
Gains / (losses) on asset sales	–	–	–	–
Other income	–	–	–	–
Total regulatory income	34,191	44,137	1,752	80,080
Total operational expenditure	9,666	12,460	409	22,535
Regulatory depreciation	9,533	6,649	383	16,566
Total revaluations	1,878	2,889	197	4,964
Regulatory tax allowance	5,313	6,868	276	12,456
Regulatory profit/ loss	11,557	21,049	881	33,487
Regulatory investment value	171,251	266,695	17,977	455,923

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

Commentary on Segmented Information

The segmented outcomes above produce the following ROI for each regulated activity:

- Specified passenger terminal: 6.7% or 5.7% excluding revaluations (2017: 7.8% or 5.9% excluding revaluations)
- Airfield: 7.9% or 6.9% excluding revaluations (2017: 9.4% or 7.4% excluding revaluations)
- Aircraft & Freight: 4.9% or 3.8% excluding revaluations (2017: 7.0% or 4.9% excluding revaluations)

WIAL confirms that rental levels for individual tenants are established via commercially negotiated agreements, following receipt of advice from valuers and negotiations with tenants or prospective tenants. Valuers, in forming their advice, establish commercial valuations of the properties which reflect their expectation of market rental levels.

WIAL has provided commentary on its return on investment in the Executive Summary accompanying these Annual Disclosures.

Regulated Airport For Year Ended: **Wellington International Airport Limited** — **31 March 2018**

SCHEDULE 8: CONSOLIDATION STATEMENT

Version 4.0

8a: CONSOLIDATION STATEMENT

	Airport Businesses	Regulatory/ GAAP Adjustments	Airport Business– GAAP	Unregulated Activities– GAAP	($000) Airport Company– GAAP
Net income	80,080	–	80,080	48,557	128,637
Total operational expenditure	22,535	–	22,535	10,688	33,222
Operating surplus / (deficit) before interest, depreciation, revaluations and tax	57,545	–	57,545	37,869	95,414
Depreciation	16,566	3,305	19,871	3,716	23,587
Revaluations	4,964	59,394	64,357	19,557	83,914
Tax expense	12,456	(2,323)	10,134	5,588	15,722
Net operating surplus / (deficit) before interest	33,487	58,411	91,898	48,122	140,019
Property plant and equipment	446,158	239,827	685,985	378,300	1,064,285

8b: NOTES TO CONSOLIDATION STATEMENT

8b(i): REGULATORY / GAAP ADJUSTMENTS

($000)

Description of Regulatory / GAAP Adjustment	Affected Line Item	Regulatory / GAAP Adjustments *
Adjustment of regulatory depreciation to align with GAAP	Depreciation	3,305
Recognition of the difference between the change in the valuation of land and buildings adopted in WIAL's statutory financial statements and the indexed revaluations of regulated assets applied in accordance with the Input Methodology	Revaluations	59,394
The regulatory tax calculation excludes consideration of deferred tax. In addition, the regulatory tax calculation excludes the reversal of the prior year tax payable resulting from the subvention payment. Both these items are included in the GAAP financial statements	Tax expense	(2,323)
Differences arising from valuation approaches required by Input Methodology	Property plant & equipment	239,827

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

Commentary on the Consolidation Statement

WIAL notes that the regulatory value of property, plant and equipment will vary over time from the value in GAAP financial reporting. This is due to:

Depreciation

• The Input Methodologies (IMs) prescribe calculation rules for regulatory depreciation which differ from financial reporting requirements. For example, depreciation on acquisitions is not recognised in the year of acquisition for regulatory purposes while for financial reporting depreciation commences from the month of acquisition. Similarly, in respect of transfers to/from the regulated asset base the IMs preclude recognition of regulatory depreciation in that year while these assets are depreciated for financial reporting purposes.

• WIAL recognises salvage values for a number of assets in its depreciation calculations meaning these proportions of assets will not be depreciated to nil in WIAL's financial statements. The IMs depreciation formula does not recognise salvage values.

Revaluations

The regulatory asset base (excluding land) is rolled forward by CPI indexing in accordance with the Determination. Land is valued at MVAU - see comment under Property, Plant and Equipment below.

Tax Expense

The annual tax expense calculated for financial reporting purposes includes recognition of deferred tax adjustments in respect of non-land and building structure assets and the actual financing arrangements undertaken by WIAL. The calculation of the tax expense per the IMs does not recognise deferred tax adjustments and includes a notional tax deduction for financing costs calculated in the manner prescribed by the IMs.

Property, Plant and Equipment

Differences in the Property, Plant and Equipment values between the regulatory and GAAP approaches arise from:

• Land valuation – land valuation is recognised at MVAU per the IMs in the RAB while land is required to be valued at fair value, Market Value Existing Use (MVEU) for financial reporting.

• Buildings, civil and plant and equipment assets – different revaluation and depreciation treatments are required for regulatory reporting compared to the requirements for financial reporting. The differences in the processes to calculate depreciation are explained above. In addition, per the IMs for regulatory reporting the value of these assets is required to be increased by CPI annually. However, valuations for financial reporting are undertaken periodically to represent fair value with assets, excluding plant and equipment, valued at optimised depreciated replacement cost. Plant and equipment assets are not revalued for financial reporting.

• Future use assets – per the IMs these are excluded from the RAB but are included in the Airport Business GAAP assets for financial reporting purposes.

Regulated Airport: **Wellington International Airport Limited**
For Year Ended: **31 March 2018**

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS

ref *Version 4.0*

9a: Asset Allocations

($000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
Land						
Directly attributable assets	699	108,346	7,307	116,351		116,351
Assets not directly attributable	1,684	4,527	332	6,543	1,585	8,128
Total value land				122,895		
Sealed Surfaces						
Directly attributable assets	227	136,290	3,940	140,457		140,457
Assets not directly attributable	729	909	59	1,697	842	2,539
Total value sealed surfaces				142,154		
Infrastructure and Buildings						
Directly attributable assets	97,167	4,798	6,017	107,982		107,982
Assets not directly attributable	56,654	2,258	145	59,057	8,281	67,338
Total value infrastructure and buildings				167,039		
Vehicles, Plant and Equipment						
Directly attributable assets	7,665	3,735	15	11,414		11,414
Assets not directly attributable	1,494	1,092	70	2,657	1,085	3,741
Total value vehicles, plant and equipment				14,071		
Total directly attributable assets	105,758	253,168	17,279	376,204		376,204
Total assets not directly attributable	60,561	8,786	607	69,954	11,793	81,747
Total assets	166,319	261,954	17,886	446,158	11,793	457,951

Asset Allocators

Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
Shared land	Area of directly allocated land	Proxy Cost Allocator	Shared land represents the areas throughout WIAL's landholding that are used for a mixture of activities (roads for example). No practical causal drivers are available for determining the proportionate use of these areas across the various activities. WIAL considers the proportion of direct land usage to be a reasonable proxy for allocating shared land usage.	Land classified with "X" business line code
Non-land shared assets	Value of directly allocated assets	Proxy Cost Allocator	Non-land shared assets represent assets that are used for a mixture of activities (IT infrastructure for example). No practical causal drivers are available for determining the proportionate use of these assets across the various activities. WIAL considers the value of assets directly attributable to each activity to be a reasonable proxy for allocating shared asset values.	Non land assets classified with X business line code
Shared terminal land	Area of directly allocated terminal floor space	Causal Relationship	Shared terminal land represents the land footprint of terminal areas that are used for a mixture of activities (general circulation space for example). Terminal floor space directly attributable to each activity is a causal driver of how the shared floor space (and therefore the underlying land area) is utilised.	Land classified with TCOM business line code
Shared terminal non-land assets	Value of directly allocated assets	Causal Relationship	Shared terminal assets represent assets that are within, or attached to, the terminal that are used for a mixture of activities (fire safety systems for example). The value of assets directly attributable to each activity is a causal driver of how shared terminal assets are utilised.	Non land assets classified with TCOM business line code

	Regulated Airport	Wellington International Airport Limited
	For Year Ended	31 March 2018

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)

ref *Version 4.0*

55 **Asset Allocators (cont)**

ref	Asset Category	Allocator*	Allocator Type	Rationale	Asset Line Items
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122 ** A description of the metric used for allocation, e.g. floor space.*

Regulated Airport	**Wellington International Airport Limited**
For Year Ended	**31 March 2018**

SCHEDULE 9: REPORT ON ASSET ALLOCATIONS (cont)

ref *Version 4.0*

9b: Notes to the Report

9b(i): Changes in Asset Allocators

($000)

			Effect of Change		
			CY-1 31 Mar 17	Current Year (CY) 31 Mar 18	CY+1 31 Mar 19
Asset category	N/A				
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–
Asset category					
Original allocator or components		Original			
New allocator or components		New			
Rationale		Difference	–	–	–

Commentary on Asset Allocations

N/A

Regulated Airport: **Wellington International Airport Limited**
For Year Ended: **31 March 2018**

SCHEDULE 10: REPORT ON COST ALLOCATIONS

ref *Version 4.0*

10a: Cost Allocations

($000)

	Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Airport Business	Unregulated Component	Total
Corporate Overheads						
Directly attributable operating costs	–	–	–	–		–
Costs not directly attributable	2,452	2,478	158	5,088	4,979	10,067
Asset Management and Airport Operations						
Directly attributable operating costs	496	6,440	63	7,000		7,000
Costs not directly attributable	5,799	2,389	166	8,355	520	8,875
Asset Maintenance						
Directly attributable operating costs	–	994	1	996		996
Costs not directly attributable	918	158	20	1,096	307	1,403
Total directly attributable costs	496	7,435	64	7,995		7,995
Total costs not directly attributable	9,169	5,025	345	14,539	5,806	20,345
Total operating costs	9,666	12,460	409	22,535	5,806	28,341

Cost Allocators

Operating Cost Category	Allocator*	Allocator Type	Rationale	Operating Cost Line Items
Terminal building costs	Building value	Causal Relationship	Building value considered to be an appropriate indicator of the share of use of the terminal building by regulated and unregulated activities.	All utility and maintenance associated costs for the terminal building.
Operations	Staff time	Causal Relationship	Operations staff operate 24 hour facility overseeing the entire airport and undertake daily facilitation of activities for passengers and other visitors to the airport.	Employee remuneration and ancillary costs for airport operations staff.
Airport planning costs	Staff time	Causal Relationship	Airport planning costs are dependent on staff hours therefore this is seen as the most appropriate allocator.	Employee remuneration and ancillary costs for airport planning staff and external consulting costs required for planning activity.
SQA costs	Staff time	Causal Relationship	Service quality assurance costs are dependent on staff hours therefore this is seen as the most appropriate allocator.	Employee remuneration and ancillary costs for airport service quality assurance staff.
"Westside 1" property costs	Rental revenue	Causal Relationship	Property is occupied by a mix of tenants for regulated and unregulated activities. Rental revenue is considered an appropriate indicator of the use of the building.	All utility and maintenance associated costs for the Westside 1 building.
Other Western properties	Rental revenue	Causal Relationship	Properties are occupied by a mix of tenants for regulated and unregulated activities. Rental revenue is considered an appropriate indicator of the use of the buildings.	All utility and maintenance associated costs for the other Western properties.
Residential houses	Rental revenue	Causal Relationship	Houses comprise those compulsorily acquired due to aeronautical activity and other properties purchased for commercial purposes. Rental revenue is considered an appropriate indicator of the use of houses.	All repairs and maintenance, rates and property administration costs for the houses.
Other Eastern properties	Rental revenue	Causal Relationship	Properties are occupied by a mix of tenants for regulated and unregulated activities. Rental revenue is considered an appropriate indicator of the use of the buildings.	All utility and maintenance associated costs for the other Eastern properties.
Property administration	Staff time	Causal Relationship	WIAL property staff undertake property administration functions including communication with tenants, lease negotiations and renewals, and oversight of properties.	Employee remuneration and ancillary costs for airport property staff.
Maintenance	Repairs and maintenance expenditure	Causal Relationship	WIAL maintenance team overseeing maintenance of all WIAL facilities. External maintenance costs allocated to facilities throughout the year is considered an appropriate basis for the allocation of WIAL maintenance staff and associated costs.	Employee remuneration and ancillary costs for airport maintenance staff.
Pricing consultation and regulation	Aeronautical revenue	Causal Relationship	Share of revenue for each regulated activity is considered appropriate to allocate these costs.	External professional advice and support services required to meet consultation and Airport Authorities/Commerce Act requirements.
Corporate marketing	Directly allocated marketing costs	Causal Relationship	Marketing costs directly allocated to business activities is considered an appropriate indicator of concentration of marketing activity in the reporting year.	Employee remuneration and ancillary costs for corporate marketing staff and general corporate advertising not attributable to a specific activity.
Corporate salaries	Staff time	Proxy Cost Allocator	WIAL's corporate staff provide support across all airport activities. There is no practical causal driver for determining the amount of these costs that are attributable to each activity. The allocation is based on an estimate of how staff time is weighted across each activity.	Employee remuneration and ancillary costs for corporate management, finance, human resources and information technology staff.

Regulated Airport: **Wellington International Airport Limited**
For Year Ended: **31 March 2018**

SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)

Version 4.0

Cost Allocators (cont)

Operating Cost Category	Allocator*	Allocator Type	Rationale	Operating Cost Line Items
Other corporate administration costs	Costs previously allocated to activities	Proxy Cost Allocator	Corporate administration costs contribute to all airport activities. There is no practical causal driver for determining the amount of these costs that are attributable to each activity. WIAL considers the proportion of direct and causal costs allocated to each activity to be a reasonable proxy for allocating corporate administration costs.	Non employee costs incurred for operation of the corporate function.

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

Regulated Airport	**Wellington International Airport Limited**
For Year Ended	**31 March 2018**

SCHEDULE 10: REPORT ON COST ALLOCATIONS (cont)

ref *Version 4.0*

10b: Notes to the Report

10b(i): Changes in Cost Allocators

($000)

			Effect of Change		
			CY-1	**Current Year (CY)**	**CY+1**
Operating cost category	N/A		**31 Mar 17**	**31 Mar 18**	**31 Mar 19**
Original allocator or components		Original	–	–	–
New allocator or components		New	–	–	–
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original	–	–	–
New allocator or components		New	–	–	–
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original	–	–	–
New allocator or components		New	–	–	–
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original	–	–	–
New allocator or components		New	–	–	–
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original	–	–	–
New allocator or components		New	–	–	–
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original	–	–	–
New allocator or components		New	–	–	–
Rationale		Difference	–	–	–
Operating cost category					
Original allocator or components		Original	–	–	–
New allocator or components		New	–	–	–
Rationale		Difference	–	–	–

Commentary on Cost Allocations

N/A

Regulated Airport: **Wellington International Airport Limited**
For Year Ended: **31 March 2018**

SCHEDULE 11: REPORT ON RELIABILITY MEASURES

Version 4.0

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	1	8	45
15	Airlines/Other	–	–	–
16	Undetermined reasons	–	–	–
17	Total	1	8	45
18	**Remote stands and means of embarkation/disembarkation**			
19	The number and duration of interruptions to remote stands and means of embarkation/disembarkation during disclosure year by party primarily responsible			
20	Airports	–	–	–
21	Airlines/Other	–	–	–
22	Undetermined reasons	–	–	–
23	Total	–	–	–
24	**Contact stands and airbridges**			
25	The number and duration of interruptions to contact stands during disclosure year by party primarily responsible			
26	Airports	8	21	06
27	Airlines/Other	2	1	03
28	Undetermined reasons	1	1	–
29	Total	11	23	09
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	9	23	08
33	Airlines/Other	19	113	37
34	Undetermined reasons	3	3	59
35	Total	31	140	44
36	**Baggage reclaim belts**			
37	The number and duration of interruptions to baggage reclaim belts during disclosure year by party primarily responsible			
38	Airports	–	–	–
39	Airlines/Other	–	–	–
40	Undetermined reasons	–	–	–
41	Total	–	–	–
42	**On-time departure delay**			
43	The total number of flights affected by on time departure delay and the total duration of the delay during disclosure year by party primarily responsible			
44	Airports	4	1	15
45	Airlines/Other	2	1	06
46	Undetermined reasons	–	–	–
47	Total	6	2	21
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Regulated Airport	**Wellington International Airport Limited**
For Year Ended	**31 March 2018**

SCHEDULE 11: REPORT ON RELIABILITY MEASURES (cont)

ref *Version 4.0*

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

56 The percentage of time that FEGP is unavailable due to interruptions* 0.00%

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

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58 **Commentary concerning reliability measures**

59 No occurrences involving the FEGP were recorded during the reporting period. Only one occurrence involving the taxiway was recorded and
60 involved a minor issue with the surface that required some urgent repair work. Two adjacent aircraft stands were closed while this work was
61 performed. A number of occurrences concerning Aerobridges and the Baggage Sortation System (departures) were recorded. Eleven
62 occurrences involving aerobridges were recorded, some of which could be traced back to user error. Systems have consequently been
63 installed part way through the year to more accurately identify the root cause of the failure, and all users retrained with only accredited
64 operators now able to access the controls. Of the thirty-one occurrences involving the baggage sortation system, nineteen occurrences
65 were related to airline/other of which fourteen were directly attributed to the Aviation Security Service EDX X Ray Machine, which runs as part
66 of the BHS but is operated and maintained by AVSEC. Nine occurrences were directly attributed to the physical system maintained by WIAL.
67 With respect to OTP delays, six occurrences were recorded, five of which related to issues with retracting the aerobridge. One occurrence
68 was attributed to the failure of the AVSEC EDX machine. Although this is one more occurrence than the previous year, the amount of
69 accumulated OTP delay for the year was slightly less than the previous year.
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Must include information on how the responsibility for interruptions is determined and the processes the Airport has put in place for undertaking any operational improvement in respect
79 *of reliability. If interruptions are categorised as "occurring for undetermined reasons", the reasons for inclusion in this category must be disclosed.*

80

Regulated Airport: **Wellington International Airport Limited**
For Year Ended: **31 March 2018**

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

ref *Version 4.0*

Runway

		Runway #1	Runway #2	Runway #3
Description of runway(s)	Designations	16-34	–	–
	Length of pavement (m)	2,051	–	–
	Width (m)	45	–	–
	Shoulder width (m)	7.5	–	–
	Runway code	4E	–	–
	ILS category	Category I	N/A	N/A
Declared runway capacity for specified meteorological condition	VMC (movements per hour)	38-36		
	IMC (movements per hour)	29-26		

Taxiway

		Taxiway #1	Taxiway #2	Taxiway #3
Description of main taxiway(s)	Name	Alfa	Bravo	
	Length (m)	2,051	570	–
	Width (m)	23	18	–
	Status	Full length	Part length	N/A
	Number of links	11	6	–

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	8	–	–
	Domestic jet	11	–	–
	Domestic turboprop	–	18	2
Total parking stands		19	18	2

Busy periods for runway movements

	Date
Runway busy day	19 October 2017
Runway busy hour start time (day/month/year hour)	11 Aug 2017 5 PM

Aircraft movements

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

		Contact stand–airbridge	Contact stand–walking	Remote stand—bus	Total
Air passenger services	International	20	–	–	20
	Domestic jet	70	–	–	70
	Domestic turboprop	–	169	2	171
	Total	90	169	2	261
Other (including General Aviation)					55
Total aircraft movements during the runway busy day					316

Number of aircraft runway movements during the runway busy hour	32

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

Busy Day and Hour Information

WIAL commissioned Airbiz Limited (Airbiz) to provide advice on the technical information required to be disclosed by WIAL. Airbiz were also requested to determine the required busy hour and busy day statistics to be included in this Schedule.

Runway

WIAL's runway capacity varies depending on the direction of use of the runway (namely runway 16 or 34) and weather conditions. WIAL's busy hour demand was assessed at 32 movements per hour. The 32 movements is below available capacity in clear weather conditions (VMC conditions) but exceeds available capacity when weather conditions are poor (IMC conditions).

WIAL expects that the demand on runway availability will increase in the future as aircraft movements grow to accommodate the forecast increase in passengers. WIAL anticipates that aircraft movements should not increase at the same growth rate as passengers because WIAL expects airlines to increase the average size of aircraft in their fleet.

WIAL is working with the airlines, Airways Corporation (Airways) and other stakeholders to implement measures to manage the prospective congestion to ensure appropriate changes to facilities that could increase runway movement capacity are identified and implemented. In 2018, WIAL continued to work with stakeholders to deliver works which may increase runway capacity. This includes the Airport Collaborative Decision Making (ACDM) initiative as outlined in Schedule 15.

Aircraft Parking Stands

WIAL has 11 aircraft stands available with aerobridge services. The 8 WIAL parking stands adjacent to the North Pier are swing gates and therefore available for international as well as domestic use. As the parking stand capacity data reported is for a busy day period we have included the North Pier aircraft gates as being available for both international and domestic aircraft. On the runway busy day there were no aerobridges out of service.

Regulated Airport: **Wellington International Airport Limited**
For Year Ended: **31 March 2018**

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

Version 4.0

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)	N/A	N/A	16 Feb 2018 4 PM
	Floor space (m²)	N/A	N/A	2,048
	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,310
	Utilisation (busy hour passengers per 100m²)	N/A	N/A	64
	Check-in			
	Passenger busy hour for check-in—start time (day/month/year hour)	N/A	N/A	16 Feb 2018 4 PM
	Floor space (m²)	N/A	N/A	1,197
	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,048
	Utilisation (busy hour passengers per 100m²)	N/A	N/A	88
	Baggage (outbound)			
	Passenger busy hour for baggage (outbound)—start time (day/month/year hour)	N/A	N/A	16 Feb 2018 4 PM
	Make-up area floor space (m²)	N/A	N/A	2,892
	Notional capacity during the passenger busy hour (bags/hour)*	N/A	N/A	2,430
	Bags processed during the passenger busy hour (bags/hour)*	N/A	N/A	664
	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,310
	Utilisation (% of processing capacity)	N/A	N/A	27%
	** 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)	28 Sep 2017 4 PM		
	Floor space (m²)	210		
	Number of emigration booths and kiosks	6		
	Notional capacity during the passenger busy hour (passengers/hour) *	709		
	Passenger throughput during the passenger busy hour (passengers/hour)	556		
	Utilisation (busy hour passengers per 100m²)	265		
	Utilisation (% of processing capacity)	78%		
	** 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)	28 Sep 2017 4 PM	3 Apr 2017 8 AM	
	Facilities for passengers excluding international transit & transfer			
	Floor space (m²)	263	584	
	Number of screening points	2	5	
	Notional capacity during the passenger busy hour (passengers/hour) *	540	1,350	
	Passenger throughput during the passenger busy hour (passengers/hour)	556	927	
	Utilisation (busy hour passengers per 100m²)	211	159	
	Utilisation (% of processing capacity)	103%	69%	
	Facilities for international transit & transfer passengers			
	Floor space (m²)	N/A		
	Number of screening points	N/A		
	Notional capacity during the passenger busy hour (passengers/hour)*	N/A		
	Estimated passenger throughput during the passenger busy hour (passengers/hour)	N/A		
	Utilisation (busy hour passengers per 100m²)	N/A		
	Utilisation (% of processing capacity)	N/A		
	** Please describe in the capacity utilisation indicators commentary box how the notional capacity has been assessed.*			

Regulated Airport: **Wellington International Airport Limited**
For Year Ended: **31 March 2018**

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

Version 4.0

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)	28 Sep 2017 4 PM	3 Apr 2017 8 AM	
65	Floor space (m²)	762	1,844	
66	Passenger throughput during the passenger busy hour (passengers/hour)	556	1,283	
67	Utilisation (busy hour passengers per 100m²)	73	70	
68	**Departure lounges**			
69	Passenger busy hour for departure lounges—start time (day/month/year hour)	28 Sep 2017 4 PM	3 Apr 2017 8 AM	
70	Floor space (m²)	1,221	2,551	
71	Number of seats	616	729	
72	Passenger throughput during the passenger busy hour (passengers/hour)	556	1,283	
73	Utilisation (busy hour passengers per 100m²)	46	50	
74	Utilisation (passengers per seat)	0.9	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)	19 Dec 2017 3 PM	30 Nov 2017 7 AM	N/A
79	Floor space (m²)	1,669	1,787	N/A
80	Passenger throughput during the passenger busy hour (passengers/hour)	559	1,108	N/A
81	Utilisation (busy hour passengers per 100m²)	33	62	N/A
82	**Passport control (inbound)**			
83	Passenger busy hour for passport control (inbound)—start time			
84	(day/month/year hour)	19 Dec 2017 3 PM		
85	Floor space (m²)	329		
86	Number of immigration booths and kiosks	8		
87	Notional capacity during the passenger busy hour (passengers/hour) *	864		
88	Passenger throughput during the passenger busy hour (passengers/hour)	559		
89	Utilisation (busy hour passengers per 100m²)	170		
90	Utilisation (% of processing capacity)	65%		
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)	N/A	N/A	16 Nov 2017 3 PM
95	Floor space (m²)	N/A	N/A	2,048
96	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,108
97	Utilisation (busy hour passengers per 100m²)	N/A	N/A	54
98	**Baggage reclaim**			
99	Passenger busy hour for baggage reclaim—start time (day/month/year hour)	19 Dec 2017 3 PM	30 Nov 2017 7 AM	
100	Floor space (m²)	1,003	1,617	
101	Number of reclaim units	2	3	
102	Notional reclaim unit capacity during the passenger busy hour (bags/hour)*	3,600	5,400	
103	Bags processed during the passenger busy hour (bags/hour)*	283	449	
104	Passenger throughput during the passenger busy hour (passengers/hour)	559	886	
105	Utilisation (% of processing capacity)	8%	8%	
106	Utilisation (busy hour passengers per 100m²)	56	55	
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)	19 Dec 2017 3 PM		
111	Floor space (m²)	734		
112	Notional MAF secondary screening capacity during the passenger busy hour	760		
113	(passengers/hour)*			
114	Passenger throughput during the passenger busy hour (passengers/hour)	559		
115	Utilisation (% of processing capacity)	74%		
116	Utilisation (busy hour passengers per 100m²)	76		
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)	N/A	N/A	16 Nov 2017 3 PM
120	Floor space (m²)	N/A	N/A	975
121	Passenger throughput during the passenger busy hour (passengers/hour)	N/A	N/A	1,202
122	Utilisation (busy hour passengers per 100m²)	N/A	N/A	123
123				

Regulated Airport	**Wellington International Airport Limited**
For Year Ended	**31 March 2018**

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

ref *Version 4.0*

	International terminal	Domestic terminal	Common area †
Total terminal functional areas providing facilities and service directly for passengers			
Floor space (m^2)	–	–	23,690
Number of working baggage trolleys available for passenger use at end of disclosure year	–	–	832

Commentary concerning capacity utilisation indicators for Passenger Terminal Activities

"WIAL operates a common use terminal facility with areas directly provided to arriving or departing passengers where required by Customs border processing or Avsec security requirements. The utilisation data above reflects the use of the terminal by common use, international or domestic passengers as appropriate.

Passenger Data

WIAL commissioned Airbiz to provide passenger busy hour and day information required to be reported in this Schedule. Airbiz were provided with the aircraft movement and passenger data that WIAL received from Airways and its airlines for the year. Major airlines provided detailed information to WIAL on passenger numbers carried for each flight allowing an assessment of arriving and departing passengers on an hourly basis. Airbiz applied the adjustments per the Determination as required (i.e. the allowance for domestic transfer and transit passengers in the check-in passenger throughput).

Baggage Reclaim

WIAL does not have the technical capacity at present to count bags processed by the baggage reclaim units. WIAL has used benchmarked information to calculate the assumptions for the number of bags carried per passenger:

• For international passengers - an average of 0.5 bags for each international passenger; and
• For domestic passengers - an average of 0.5 bags.
• These figures cover all passengers, including those who only travel with carry-on baggage.

WIAL has applied these assumptions in estimating the bags processed during the passenger busy hour.

Two baggage reclaim carrousels continue to be used as standard for international arrivals with carrousels being allocated to alternate flights to improve passenger distribution within the arrivals hall. This is facilitated by the use of moveable walls that temporarily extend the international arrivals hall. Three baggage reclaim carrousels are used for domestic arrivals instead of two as disclosed in FY16.

Determination of Capacities

WIAL capacities were determined as follows:

• Airbiz were engaged to provide advice on all floor areas required to be reported in this Schedule. Airbiz developed the required measures from its review of building plans provided by WIAL.
• Baggage (outbound) - capacities were advised by the system manufacturer, Glidepath, for the two baggage outbound units operated by WIAL and Avsec for the X-ray machine process capability.
• Passport control (outbound) - advised by Airbiz following the receipt of Customs advice, namely 30 seconds per passenger processing time plus 5 seconds per passenger allowance to move from queue to counter (for conventional counters) and 22 seconds per passenger processing time plus 5 seconds per passenger allowance to move from queue to gate (for SmartGates).
• Security screening - advised by Airbiz following receipt of Aviation Security advice. Determined from number of screening stations multiplied by passengers per hour as advised by Avsec. International - 2 stations at 270 passengers/hour and domestic - 5 stations at 270 passengers/hour.
• Departure lounges number of seats - determined by a physical count by WIAL operations staff. The numbers listed include general, food court and tenancy seats.
• Passport control (inbound) - advised by Airbiz following receipt of Customs advice, namely 50 seconds per passenger processing time plus 5 seconds per passenger allowance to move from queue to counter (for conventional counters) and 22 seconds per passenger processing time plus 5 seconds per passenger allowance to move from queue to gate (for SmartGates).
• Baggage reclaim - the baggage system manufacturers, Glidepath, advised that the technical capacity of each baggage reclaim belt is 1,800 bags per hour derived from one bag per metre loaded onto the belt and a belt speed of 0.5m/s. The practical capacity is likely to be lower with baggage handlers unlikely to be able to load bags to this capacity and recirculating bags reducing available capacity for new bags to be loaded.
• Biosecurity screening and inspection and customs secondary inspection - advised by Airbiz, based on practical capacity of 190 passenger per hour per screening station and the assumption that 50% of passengers are assessed and released without inspection.

Comment on Baggage (outbound) Utilisation

The utilisation statistic of 27% above provides the proportion of technical capacity that is utilised by bags loaded on the outbound baggage belts.

Terminal Floor Areas

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

Common Area (Outbound):
• Landside Circulation (Outbound) – increase of 32 sqm due to converting retail space to landside seating space.
• Check-in – no change from prior year.
• Baggage (Outbound) – no change from prior year.

Domestic Terminal (Outbound):
• Security Screening – no change from prior year.
• Airside Circulation (Outbound) – no change from prior year.
• Departure Lounges (Outbound) – decrease of 44 sqm due to change to waiting area for passengers departing on regional services from south pier.

International Terminal (Outbound):
• Security Screening – no change from prior year.
• Airside Circulation (Outbound) – no change from prior year.
• Departure Lounges (Outbound) – increase of 37 sqm due to freed up space from reduction of retail space in departure lounge.

Common Area (Inbound):
• Landside Circulation (Inbound) – increase of 32 sqm due to converting retail space to landside seating space.
• Arrivals Concourse (Inbound) – increase of 187 sqm due to extension of arrivals concourse area resulting in additional exits and circulation space.

Domestic Terminal (Inbound):
• No changes from prior year.

International Terminal (Inbound):
• Airside Circulation (Inbound) – no change from prior year.
• Baggage Reclaim - no change from prior year.
• Passport control (inbound) - no change from prior year.
• Bio-security Screening and Inspection and Customs Secondary Inspection - no change from prior year.

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: **Wellington International Airport Limited**
For Year Ended: **31 March 2018**

SCHEDULE 14: REPORT ON PASSENGER SATISFACTION INDICATORS

ref *Version 4.0*

Survey organisation

Survey organisation used	ACI
If "Other", please specify	

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

Domestic terminal	Quarter for year ended	1 30 Jun 17	2 30 Sep 17	3 31 Dec 17	4 31 Mar 18	Annual average
Ease of finding your way through an airport		4.2	4.2	4.3	4.4	4.3
Ease of making connections with other flights		4.3	4.1	4.5	4.4	4.3
Flight information display screens		4.3	4.2	4.3	4.4	4.3
Walking distance within and/or between terminals		4.3	4.2	4.3	4.4	4.3
Availability of baggage carts/trolleys		4.1	4.0	4.0	3.9	4.0
Courtesy, helpfulness of airport staff (excluding check-in and security)		4.4	4.3	4.4	4.4	4.4
Availability of washrooms/toilets		4.3	4.2	4.2	4.3	4.2
Cleanliness of washrooms/toilets		4.2	4.1	4.1	4.1	4.1
Comfort of waiting/gate areas		4.0	4.0	3.9	4.0	4.0
Cleanliness of airport terminal		4.4	4.4	4.3	4.4	4.4
Ambience of the airport		4.2	4.2	4.2	4.3	4.2
Security inspection waiting time		4.2	4.2	4.3	4.5	4.3
Check-in waiting time		4.4	4.5	4.4	4.5	4.4
Feeling of being safe and secure		4.3	4.4	4.5	4.5	4.4
Average survey score		4.2	4.2	4.3	4.3	4.3

International terminal	Quarter for year ended	1 30 Jun 17	2 30 Sep 17	3 31 Dec 17	4 31 Mar 18	Annual average
Ease of finding your way through an airport		4.2	4.2	4.4	4.5	4.3
Ease of making connections with other flights		N/A	N/A	N/A	N/A	–
Flight information display screens		4.2	4.1	4.3	4.4	4.3
Walking distance within and/or between terminals		4.5	4.4	4.5	4.5	4.5
Availability of baggage carts/trolleys		4.1	3.9	4.5	4.4	4.2
Courtesy, helpfulness of airport staff (excluding check-in and security)		4.3	4.3	4.5	4.3	4.4
Availability of washrooms/toilets		4.3	4.0	4.3	4.2	4.2
Cleanliness of washrooms/toilets		4.4	4.0	4.2	4.1	4.2
Comfort of waiting/gate areas		3.8	3.8	4.2	3.9	3.9
Cleanliness of airport terminal		4.5	4.3	4.5	4.4	4.4
Ambience of the airport		4.1	4.1	4.3	4.2	4.2
Passport and visa inspection waiting time		4.5	4.5	4.3	4.6	4.4
Security inspection waiting time		4.2	4.4	4.4	4.6	4.4
Check-in waiting time		4.0	3.6	3.9	4.2	3.9
Feeling of being safe and secure		4.5	4.4	4.4	4.6	4.5
Average survey score		4.3	4.1	4.3	4.3	4.3

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

WIAL operates a common use terminal facility with most of its facilities used by both domestic and international passengers. The survey outcomes of these facilities therefore reflect the survey views of the category of passengers rather than reflecting the service outcomes for separate terminals. The survey measures are reported on a scale with a maximum score of 5.
WIAL continues to rate highly in its ASQ scores, with an average 2018 score of 4.3 for both domestic and international passenger surveys (based on those survey categories identified in Schedule 14).

Domestic
WIAL completed the Terminal South Extension (TSE) project in November 2016. This provided substantial improvements to the South and the South West Pier, including expanded departure gate lounges, additional toilet facilities and centralised security screening. This has further improved the passenger experience, evident from the increase in Domestic ASQ score from 4.1 in 2015 to 4.3 in the current year. Refer to Schedule 15 for further detail.

International
International passengers were asked to provide a score for "ease of making connections with other flights". WIAL notes that there is generally insufficient passengers that connect from other flights to enable a statistically representative average score to be calculated by the ASQ programme managers. This occurrence is because passengers largely travel direct to/from Wellington airport. In 2013, WIAL received an on-going exemption from the Commission to not publish this score where it is not able to be provided by the ASQ programme managers.

Accuracy of Passenger Data to Prepare Utilisation Indicators
Refer to the comments in Schedule 13.

Location of Survey Fieldwork Documentation
The survey fieldwork documentation is available on WIAL's website www.wellingtonairport.co.nz.

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	Wellington International Airport Limited
For Year Ended	31 March 2018

SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES

ref *Version 4.0*

Disclosure of the operational improvement process

WIAL continues to focus on working constructively and comprehensively with airport stakeholders to improve service quality for both passengers and airlines.

The primary multi-agency forum to discuss service quality is the TEAM WLG meetings, held three times per year. Stakeholders including Wellington based operational staff from WIAL, airlines, border agencies and police meet to discuss the ASQ results, on-time performance results, service disrupts and other matters relevant to constant learning and improvement of the passenger experience. The meetings often include presentations of potential improvement projects and topical aviation issues from across the stakeholder group. The relatively small size of Wellington Airport is very conducive to cross-agency cooperation, and the forum continues to be an effective means to facilitate ongoing improvement.

WIAL is committed to maintaining and improving service quality for its customers and enhancing the airport's facilities in response to customer feedback and changes in demand.

Capacity Enhancement, Asset Reliability and Service Quality

Taxiway Overlay and Upgrades: WIAL invested in its main taxiway, which had reached the end of its useful life. The project included a full resurface and also provided operational enhancements through widening of the taxiway, realignment of taxiway centrelines, and installation of resilient in-ground lighting systems. This work was completed in mid-2018.

Airfield Optimisation: Restrictions surrounding the simultaneous operation of Code D and Code E aircraft have been removed through investment in aircraft movement areas (described above) and collaboration with the Civil Aviation Authority. This will improve the efficiency of the runway and parallel taxiway and provide greater scheduling flexibility.

Multi Level Transport Hub: The Multi Level Transport Hub project commenced in February 2016 and is scheduled for completion in late 2018. The Hub, designed with low visual impact for the benefit of the surrounding suburbs, will create an extra 1,000 covered car parks with electric vehicle charging and way-finding technology. It will also provide more facilities for passenger drop-off/pick-up and ground transport operations including taxis, buses and bicycles.

Terminal Development: The Southern Terminal Extension and reconfiguration of the international arrivals area has provided timely capacity enhancements to manage passenger growth. Work is now underway to relocate Air Handling Units from the main terminal concourse to create more space for passenger seating and circulation. The additional space will also improve the ambience of the terminal and lines of sight to assist with wayfinding.

Passenger Experience

WIAL consistently achieves strong Airport Service Quality (ASQ) ratings across all key service indicators. In 2018, WIAL received its best ever ratings in the quarterly survey with an average score for the year of 4.3 out of 5.0 from both domestic and international passengers (2017: 4.2). In addition to the major items already described above, the following initiatives have been implemented to further enhance the passenger experience:

Hotel: Construction of a four-star hotel is underway, with opening planned for December 2018. The Hotel will offer 134 beds, targeted at improving the experience of transit passengers and those travelling on earlier departures or later arrivals. The Hotel will be fully integrated with the Main Terminal, allowing for convenient access through a redeveloped passenger lounge.

Transport Options: A rental car hub established next to the baggage hall gives passengers convenient access to a greater range of rental options without leaving the terminal. In September 2017, Wellington also became the first airport in New Zealand to accept Uber. The dedicated ride-sharing zone in the carpark provides another cost-effective way for passengers to travel to and from the airport.

Customer Service: WIAL's Ambassador Programme now involves over 50 volunteers and two kiosks, assisting our passengers in the terminal seven days a week. The TAKEOFF customer service-training programme has been rolled out, encouraging all members of the airport community to take a proactive role in assisting passengers.

Bathroom Facilities: The parents' room has been refurbished and the amenities improved, Bathrooms are now monitored using technology that sends an electronic alert when toilet paper/soap dispensers need filling, rubbish tins need emptying or when large passenger numbers are utilising the toilets.

License Plate Recognition: Vehicle license plate recognition technology introduced during the year has made the passenger pick up and drop off experience more seamless.

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	Wellington International Airport Limited
For Year Ended	31 March 2018

SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES

ref *Version 3.0*

Disclosure of the operational improvement process

Flight Information: Additional Flight Information Display Screens (FIDS) have been installed in regional boarding areas. Passengers can therefore wait in the main terminal building, where they have access to all facilities, until the time their flight is ready for boarding.

Comfort and Entertainment: Further upgrades and expansions to the main terminal space are bringing the best retail, food and beverage options that Wellington has to offer benchmarked at CBD prices. WIAL provides free entertainment in the terminal including live musical performances, art installations, live art performances, and virtual reality experiences. WIAL and airport stakeholders provide a 'silent airport' by minimizing announcements and calls over the PA system in the main terminal building and F&B areas.

Innovation & Efficiency

New technologies and innovations continue to enhance airport operations and the passenger experience. Wellington Airport is investing in technology in a number of areas to improve operational performance, customer experience, efficiency of expenditure, efficiency of investment and to support route development initiatives:

Common Use Terminal Equipment

Common Use Terminal Equipment, owned by the airport and operated by the airlines, allows different airlines to share the same check-in counters and ticketing systems. This approach, in addition to providing cost efficiencies, enables the growth of new airlines and services within the same terminal footprint.

Self-Service Boarding Gates: Self-service boarding gates for regional aircraft have been introduced to improve efficiency at boarding times.

Swing Gates: Swing gates allow certain terminal areas to transition between international and domestic services, maximizing the utilisation of existing floor space, lounges, reclaim baggage belts and facilities.

Smartgates: Five new Smartgates in international arrivals have doubled Customs' processing capacity to manage growing passenger numbers.

Airbridge Monitoring: Supervisory Control and Data Acquisition (SCADA) has been installed on all 12 aerobridges at WIAL. The SCADA system allows technicians to undertake real-time monitoring and control of air bridges to ensure any issues are addressed more effectively.

Aircraft Guidance: Nose in Guidance Systems are being progressively installed to automatically assist aircraft arriving at jet stands.

Decision Making: The Airport Collaborative Decision Making (ACDM) online portal provides real time information to all airport stakeholders to enhance the coordination of operations and on-time performance.

Security: A new Gallagher Security System has been implemented throughout the airport, including an electronic key system to replace the use of manual keys. This ensures better security management, monitoring and reporting. Upgraded CCTV capability supports the safety and security of all airport stakeholders. A state of the art Runway Surveillance System is now in place and can monitor the full length of the runway and parallel taxiway.

Runway Monitoring: A new mobile application uses GIS heat mapping to identify wildlife movements, foreign object debris and pavement issues that could delay services or pose a safety risk.

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: **Wellington International Airport Limited**
For Year Ended: **31 March 2018**

SCHEDULE 15: REPORT ON OPERATIONAL IMPROVEMENT PROCESSES

ref *Version 3.0*

Disclosure of the operational improvement process

Airport Safety & Health
The following initiatives have been implemented to continuously improve the high safety standards at Wellington Airport:

• WIAL has 're-launched' the Safety Wingman health and safety programme for the Hotel development, a finalist at the 2018 Wellington Gold Awards.

• The airside driver-training package for WIAL staff and stakeholders has been enhanced.

• Duress alarms have been installed at the check in desks as well as other key locations that have been requested by our airline stakeholders.

• Overhead trolley bus wires have been removed from Calabar Road and Cobham Drive. This has removed the risk of aircraft coming into contact with these wires if they overrun or overshoot the runway.

• A new hazard identification program has been launched to further improve reporting and mitigation of potential safety concerns.

• Participating in Airport Safety Week, a collaboration between the Australian Airports Association (AAA) and the NZ Airports Association (NZAA).

• CAA conducted a 3-day certification audit against the new CAA Part 100 rule on Safety Management Systems. As a result WIAL's Safety Management System has now formally been accepted by the CAA.

• Evacuation chairs have been installed throughout the terminal to aid those passengers with mobility issues in the case of an emergency.

• Systems were installed during the year to more accurately identify the root cause of Aerobridge failures. All users have also been retrained with only accredited operators able to access the controls.

Environment & Sustainability
WIAL understands that the operation and development of Wellington Airport has environmental impacts. WIAL takes seriously its responsibility to manage the airport in a sustainable and environmentally responsible manner and with a commitment to uphold our environmental principles.

Performance Based Navigation routes for aircraft are currently being trialed with monitors assessing any changes in aircraft noise in the community. It is expected to provide more efficient routes, fuel savings and no noticeable noise changes.
WIAL is also scoping initiatives to reduce waste and offset carbon emissions including regional planting of native trees and developing a site-wide plan for Storm Water management discharge.

Operational Resilience
The airport is recognised as essential infrastructure for the Wellington region and WIAL is a member of the Wellington Lifelines Council. The airport terminal buildings are some of the most resilient in Wellington and built to Importance Level Three. The airport is required under the Civil Defence Emergency Management Act to return to a level of safe operations as soon as possible, even if only to assist with a regional recovery effort.

Recent initiatives to build resilience include:
• Installation of new resilient in-ground lighting
• Measurement of ground-shaking on two accelerometers to enable accurate and efficient risk assessment and decision making
• Three fully diverse internet links to safeguard connectivity
• Maintenance and strengthening of Southern seawalls
• Implementation of a new fire safety system across the airport

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	**Wellington International Airport Limited**
For Year Ended	**31 March 2018**

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS

ref *Version 4.0*

6 ### 16a: Aircraft statistics

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

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

ref	Aircraft type	Total number of landings	Total MCTOW (tonnes)
10	Airbus A320	1,107	85,001
11	Boeing 737-800	1,810	143,019
12	Boeing 737-700	25	1,750
13	Boeing 777-200	202	50,851
14			
15			
16			
17			
18			
19			
20			
21			
22			
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53	Total	3,144	280,621

54

Regulated Airport: **Wellington International Airport Limited**
For Year Ended: **31 March 2018**

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont)

ref *Version 4.0*

(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	11,737	840,428
Boeing 737-800	30	2,370
Boeing 777-200	6	1,785
Boeing 787-900	3	758
Total	11,776	845,341

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

Aircraft type	Total number of landings	Total MCTOW (tonnes)
Aerospatiale AT72-500	7,529	173,167
Aerospatiale AT72-600	469	10,693
Bombardier Q300	12,693	247,582
Cessna 208 Caravan	4,237	16,767
Cessna 510	1	4
Convair CV-580	170	4,102
Fairchild SA 226 SA 227 Metro 3	7	52
Pilatus PC 12	1,647	7,412
Total	26,753	459,779

Regulated Airport: **Wellington International Airport Limited**
For Year Ended: **31 March 2018**

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 2)

ref *Version 4.0*

(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	439	752
Freight aircraft	662	4,921
Military and diplomatic aircraft	426	20,215
Other aircraft (including General Aviation)	4,409	14,764

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

	Total number of landings	Total MCTOW (tonnes)
Total	47,609	1,626,394

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	6,312	–	–	6,312
Domestic jet air passenger service movements	23,526	–	–	23,526

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

16c: Passenger statistics

	Domestic	International	Total
The total number of passengers during disclosure year			
Inbound passengers†	2,617,201	447,603	3,064,804
Outbound passengers†	2,632,157	448,002	3,080,159
Total (gross figure)	5,249,358	895,605	6,144,963
less estimated number of transfer and transit passengers		–	–
Total (net figure)			6,144,963

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

16d: Airline statistics

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

Domestic	International
Air Chathams Limited	Air New Zealand Limited
Air Nelson Limited	Fiji Airways Limited
Air New Zealand Limited	Jetconnect Limited
Golden Bay Air Limited	Jetstar Airways Limited
Jetstar Airways Limited	Virgin Australia Airlines (NZ) Limited
Mount Cook Airline Limited	Singapore Airlines Limited
Sounds Air Travel & Tourism Limited	

Regulated Airport: **Wellington International Airport Limited**
For Year Ended: **31 March 2018**

SCHEDULE 16: REPORT ON ASSOCIATED STATISTICS (cont 3)

ref *Version 4.0*

178 **Airline statistics (cont)**

179	Domestic	International
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190 **16e: Human Resource Statistics**

191		Specified Terminal Activities	Airfield Activities	Aircraft and Freight Activities	Total
192	Number of full-time equivalent employees	33.8	49.2	1.8	84.8
193	Human resource costs ($000)				8,254

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

195 WIAL received monthly business volume data as follows:
196 • Aircraft movement data from Airways;
197 • Passenger and flight details from major airlines operating scheduled services; and
198 • Passenger numbers on a monthly basis from the small regional commuter airlines.
199 This information was used to calculate the landings, aircraft Maximum Certified Take Off Weights (MCTOW) and passenger statistics detailed above.
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201 Human Resource Statistics
202 The total full time equivalent employees of the regulated aeronautical business was 84.8 for the year ended 31 March 2018 (2017: 86.4).
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Regulated Airport	Wellington International Airport Limited
For Year Ended	31 March 2018

SCHEDULE 17: REPORT ON PRICING STATISTICS

ref *Version 4.0*

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	8,684
Net operating charges from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	24,356
Net operating charges from airfield activities relating to international flights	11,066
Net operating charges from specified passenger terminal activities relating to domestic passengers	27,777
Net operating charges from specified passenger terminal activities relating to international passengers	4,247

	Number of passengers
Number of domestic passengers on flights of 3 tonnes or more but less than 30 tonnes MCTOW	1,953,982
Number of domestic passengers on flights of 30 tonnes MCTOW or more	3,292,718
Number of international passengers	**895,605**

	Total MCTOW (tonnes)
Total MCTOW of domestic flights of 3 tonnes or more but less than 30 tonnes MCTOW	459,779
Total MCTOW of domestic flights of 30 tonnes MCTOW or more	845,341
Total MCTOW of international flights	280,621

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	4.44	18.89
Average charge from airfield activities relating to domestic flights of 30 tonnes MCTOW or more	7.40	28.81
Average charge from airfield activities relating to international flights	12.36	39.43

	Average charge ($ per domestic passenger)	Average charge ($ per international passenger)
Average charge from specified passenger terminal activities	5.29	4.74

	Average charge ($ per domestic passenger)	Average charge ($ per international passenger)
Average charge from airfield activities and specified passenger terminal activities	11.59	17.10

Commentary on Pricing Statistics

WIAL's charges for the year to 31 March 2018 were set as part of the PSE3 consultation which was competed in June 2014 for prices effective 1 June 2014 to 31 March 2019. The Schedule of Charges for the PSE3 pricing period are available on WIAL's website (www.wellingtonairport.co.nz).

For the 2018 disclosures the aircraft weight and passenger statistics were derived from the Airways and airline data provided to WIAL as described in Schedule 16.
WIAL's charges are set for each service to incentivise the efficient use of the services. These include:
• Airfield services – a mix of aircraft weight and per passenger charges.
• Specified terminal services – per passenger charges.
• Aircraft parking – time based charges.
• Check in facilities – time and occupied area based charges.
• Noise mitigation and insulation – per passenger and aircraft charges.
Revenue from each of these charges has been grouped into each of the categories required in this Schedule. The average charges per tonne and passenger shown in the Schedule will therefore not correspond directly with WIAL's Schedule of Charges.

WIAL's average charge per international passenger and per tonne of aircraft weight demonstrate that the circumstances of each individual airport influence any direct comparison between airports. In particular:
• WIAL's total average charge per international passenger is below the average charges disclosed by Auckland and Christchurch airports in their 2017 Annual Disclosures.
• WIAL's average charge per tonne is considerably higher than those disclosed by both Auckland and Christchurch airports for jet aircraft. This is inconsistent with the average passenger charge and reflects the difference in the aircraft types using the three airports. In particular, both Auckland and Christchurch airports are serviced by a higher number of wide body long haul aircraft compared to WIAL. These aircraft have a significantly higher weight per passenger seat compared to the smaller aircraft operating at WIAL. This increases the relative volume of chargeable MCTOW and results in an average charge per tonne at Auckland and Christchurch airports that is below that at WIAL.

The Schedule of Charges implemented by WIAL from 1 June 2014 has been structured so that over the five year pricing period average revenue for each category of passenger will move closer to each other to reflect common use of the facilities. The change in charging approach will transition progressively over the five year period and will result in charges per international passenger decreasing and charges per domestic passenger increasing.

WIAL has adopted a pricing methodology designed to recover the cost of providing specified aeronautical services through charges which incentivise the efficient use of, and investment in, WIAL's assets in accordance with expert advice. This is consistent with the methodology adopted in PSE2 but with some enhancements to the methodology made to incorporate airline feedback. Feedback was particularly relevant regarding the new charges implemented in PSE2 such as peak/shoulder charges and aircraft parking charges. Examples of price structure changes adopted for PSE3 were:
• A more gradual approach to the introduction of peak/shoulder charges;
• A reduction in the charges for check-in counter usage;
• A more gradual movement toward comparable charges per passenger across different aircraft types; and
• A relaxation of the times during which aircraft parking is payable.
These changes preserve WIAL's objective to encourage efficient use of WIAL's facilities but now also reflect the experience and learnings of PSE2 by incorporating modifications put forward by airlines to simplify the application of the price structure. Further comprehensive comment on WIAL's process, and methodology for PSE3 is provided in the Price Setting Event Disclosure which is available on WIAL's website.

Airport Services Input Methodologies Determination 2010, as amended

Schedule 21 – Certification for Disclosed Information

We, Tim Brown and Alison Gerry, being directors of Wellington International Airport Limited certify that, having made all reasonable enquiry, to the best of our knowledge, the following attached audited information of Wellington International Airport Limited prepared for the purpose of clauses 2.3(1) and 2.4(1) of the Airport Services Input Methodologies Determination 2010, as amended, in all material respects complies with that determination.

Tim Brown

Director
28 August 2018

Alison Gerry

Director
28 August 2018

Regulated Airport: **Wellington International Airport Limited**

For Year Ended: **31 March 2018**

SCHEDULE 25: TRANSITIONAL REPORT ON REGULATORY ASSET BASE VALUE FOR LAND

ref *Version 4.0*

25: Regulatory Asset Base Value for Land

	Unallocated RAB ($000)	RAB ($000)
Estimated value of land assets for the 2009 year	–	
Capital expenditure on land for disclosure year 2010	–	
Value of disposed assets on land for disclosure year 2010 (negative amount)	–	
Estimated value of land assets for the 2011 year	–	
Capital expenditure on land for disclosure year 2011	–	
Value of disposed assets on land for disclosure year 2011 (negative amount)	–	
Initial RAB value	–	–

Commentary

In accordance with the Commission's December 2017 amendments to the ID determinations, WIAL is not required to report against Schedule 25 until the 31 March 2019 disclosures.

Independent Reasonable Assurance Report to the directors of Wellington International Airport Limited

Conclusion

- We have concluded that, subject to clause 2.6(3) and as far as appears from an examination of them, proper records to enable the complete and accurate compilation of the Airport Disclosure Schedules have been kept by the Company and the Airport Disclosure Schedules are based on these records;
- The disclosure information in Schedules 1 to 17 and Schedule 25, complies in all material respects, with the Determination;
- The historical financial information in Schedules 1 to 10 and Schedule 25 pursuant to clause 2.3(1) of the Determination have been prepared, in all material respects, in accordance with the Determination; and
- Subject to clause 2.6(3), the non-financial information in Schedules 11 to 17 pursuant to clause 2.4(1) of the Determination complies, in all material respects, with the Determination.

Information subject to assurance

We have performed an engagement to provide reasonable assurance in relation to Schedules 1 to 17 and Schedule 25 for the regulatory year ended 31 March 2018 ('the Airport Disclosure Schedules'), prepared by Wellington International Airport Limited ('the Company') in accordance with the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010, as amended in 2017 (the 'Determination') .

Criteria

The Determination is the criteria which the Airport Disclosure Schedules were evaluated against. The Airport Disclosure Schedules may not be suitable for other purposes.

Standards we followed

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised) *Assurance Engagements other than audits or reviews of historical financial information* (ISAE (NZ) 3000) and Standard on Assurance Engagements SAE 3100 *Compliance Engagements*. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. In accordance with ISAE (NZ) 3000 we have:

- used our professional judgement to assess the risk of material misstatement and plan and perform the engagement to obtain reasonable assurance that the Airport Disclosure Schedules are free from material misstatement, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on the effectiveness of these controls; and
- ensured that the engagement team possesses the appropriate knowledge, skills and professional competencies.

How to interpret reasonable assurance and material misstatement

Reasonable assurance is a high level of assurance, but is not a guarantee that it will always detect a material misstatement when it exists.

Misstatements, including omissions, within the Airport Disclosure Schedules are considered material if, individually or in the aggregate, they could reasonably be expected to influence the relevant decisions of the intended users taken on the basis of the Airport Disclosure Schedules.

Use of this Assurance Report

Our report should not be regarded as suitable to be used or relied on by any party's other than Wellington International Airport Limited for any purpose or in any context. Any party other than Wellington International Airport Limited who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Wellington International Airport Limited for our work, for this independent reasonable assurance report, or for the conclusions we have reached.

Our report is released to Wellington International Airport Limited on the basis that it will be published along with the Airport Disclosure Schedule on the Company's website and distributed to the Commerce Commission.

Our report provides assurance that the forecast information included in the disclosures required by Schedule 6 of the Determination has been extracted from the forecast information prepared by the Company and used in the Price Setting Event Disclosure for the period 2014 - 2019. However, to avoid doubt, it does not provide any assurance that forecast information was accurate or reasonable or achievable, or that it subsequently proved to be accurate. We have no obligation to update our report for any subsequent changes that affect forecast information.

Directors' responsibility for Airport Disclosure Schedules

The directors of the company are responsible for the preparation and fair presentation of the Airport Disclosure Schedules in accordance with the Determination. This responsibility includes such internal control as the directors determine is necessary to enable the preparation of the Airport Disclosure Schedules that is free from material misstatement whether due to fraud or error.

Our responsibility

Our responsibility is to express a conclusion to the directors on the preparation and presentation of the Airport Disclosure Schedules in accordance with the Determination. In accordance with the Determination we owe a duty of care to the Commerce Commission and our engagement has been planned and performed in recognition of this duty of care.

Our independence and quality control

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 (Revised) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 (Amended) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our firm has also provided audit, assurance and taxation compliance services to the company. Subject to certain restrictions, partners and employees of our firm may also deal with the company on normal terms within the ordinary course of trading activities of the business of the company. These matters have not impaired our independence as assurance providers of the company for this engagement. The firm has no other relationship with, or interest in, the company.

KPMG

KPMG
Wellington

28 August 2018